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MICROFICHE CONTROL LABEL REGISTRANT'S NAME LETherne's *CURRENT ADDRESS **FORMER NAME **NEW ADDRESS FILE NO. 62- 3490 FISCAL YEAR · Complete for initial submissions only · Please note name and address changes INDICATE FORM TYPE TO BE USED FOR WORKLOAD ENTRY: AR/S (ANNUAL REPORT) (INITIAL FILING) 12G3-2B SUPPL (REINSTATEMENT) (OTHER) 12G32BR (PROXY) DEF 14A OICF/BY:

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A Free annual report

77 D

Company

Paragon Group Of Companies PLC 2006 JUL 10 P 1: 13

TIDM

PAG

Headline

Director Shareholding

Released

15:36 30-Sep-04

Number

5494D

RNS Number:5494D

Paragon Group Of Companies PLC

30 September 2004

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

2) NAME OF DIRECTOR

DAVID M. M. BEEVER

3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)

DAVID M. M. BEEVER

5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

SHARE PURCHASE

Number of shares/amount of stock acquired

10,000

- 8) Percentage of issued Class
 0.00834%
- 9) Number of shares/amount of stock disposed

N/A

- 10) Percentage of issued Class N/A
- 11) Class of security
 10P ORDINARY
- 12) Price per share £3.43
- 13) Date of transaction 30/09/04
- 14) Date company informed
 30/09/04
- 15) Total holding following this notification
 10,000
- 16) Total percentage holding of issued class following this notification 0.00834%
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- 17) Date of grant
- 18) Period during which or date on which exercisable
- 19) Total amount paid (if any) for grant of the option
- 20) Description of shares or debentures involved: class, number.

- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- 22) Total number of shares or debentures over which options held following this notification
- 23) Any additional information
- 24) Name of contact and telephone number for queries

MR JOHN G. GEMMELL 0121 712 2075

25) Name and signature of authorised company official responsible for making this notification

Date of Notification

30 SEPTEMBER 2004

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The company news service from the London Stock Exchange

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Director Shareholding

Released

16:56 02-Feb-05

Number

14571

RNS Number:1457I

Paragon Group Of Companies PLC

2 February 2005

SHARE PURCHASE

On 1 February 2005 the Paragon Employee Share Ownership Trust ("ESOT") purchased 10,000 ordinary shares of 10p each in The Paragon Group of Companies PLC (the ompany") at 431.5p per share.

These shares were purchased to meet options and awards as they mature and are exercised under the Paragon Executive Share Option Scheme, Deferred Bonus Scheme and Performance Share Plan which include the potential exercise by certain executive directors and other employees of the Company.

Following this purchase the total held by the ESOT is 5,979,552.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Director Declaration

Released

14:40 01-Oct-04

Number

6061D

RNS Number: 6061D

Paragon Group Of Companies PLC

1 October 2004

The following information is disclosed further to the appointment of Mr Robert Graham Dench as a non-executive director of The Paragon Group of Companies PLC on 29 September 2004, in compliance with the UKLA rules governing the appointment of directors.

▶ Dench is currently a non-executive director of AXA UK plc and of Clipper ntures plc.

There are no matters under paragraphs 6.F.2(b) to (g) of the Listing Rules to be disclosed.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company

Released

11:29 15-Oct-04

Number

1275E

RNS Number:1275E

Paragon Group Of Companies PLC

15 October 2004

To: RNS

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 14,424,369 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 12.031% of our issued share capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075 Paragon Group Of Companies PLC

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COPPORATE FINANCE

Company

Paragon Group Of Companies PLC

MDIT Headline

Holding(s) in Company

Released

11:29 19-Oct-04

Number

2168E

RNS Number: 2168E

Paragon Group Of Companies PLC

19 October 2004

19 October 2004

Free annual report

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through rious legal entities, they now hold 14,382,525 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 11.996% of our issued share capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Holding(s) in Company

Released

10:32 21-Oct-04

Number

3207E

RNS Number:3207E

Paragon Group Of Companies PLC

21 October 2004

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 14,372,521 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 11.988% of our sued share capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Sovereign Reversions PLC

TIDM

SVN

Headline Released Acquisition 07:00 26-Oct-04

Number

4587E

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306 JUL 10 P 1: 14

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CSFICE OF INTERNATIONAL CORPURATE SINANCE

26 October 2004

Sovereign Reversions plc **Acquisition of NHL Reversions Limited**

The Board of Sovereign Reversions plc ("Sovereign" or the "Company") announces that it has acquired the entire issued share capital of NHL Reversions Limited ("NHL Reversions") from the Paragon Group of Companies PLC for a consideration of £2.04m. The consideration has been paid in cash from the Company's sting resources.

NHL Reversions' sole asset is a portfolio of 27 home reversions, independently valued for the purpose of this transaction at £2.35m. It has no employees.

NHL Reversions accounts for property transactions as a trading company. Its management accounts for the period from 1 October 2003 to 22 October 2004 show properties at £1.12m and a profit before taxation of £433,000. As Sovereign prepares its accounts as an investment company, dealing with most of the increase in property values through revaluation reserve, no meaningful comparison can be made between NHL Reversions' management accounts and Sovereign's reported results. Under Sovereign's accounting policies and in the absence of lease terminations the acquisition will have minimal impact on the pre-tax profits of the Sovereign group.

As NHL Reversions' plans were arranged in the early 1990's, the acquisition will increase the number of mature reversions in Sovereign's portfolio, Following completion, the plans will be managed by Sovereign's associate, Home & Capital Trust Limited.

ENDS

For further information contact

Graeme Marshall

Chief Executive, Sovereign Reversions plc (office: 01234 340511)

Simon Bloomfield.

Bankside Consultants (office: 020 7444 4149; mobile: 07771 758517)

Notes to editors

The Equity Release Market

Equity release provides a means for older homeowners' (typically over 65) to use their homes to generate income or lump sums, either with a mortgage repayable on death, or by selling all or part of the property but continuing to live in it during their lifetime. There are currently two basic types of plan widely available: lifetime mortgages and home reversion plans. Sovereign Reversions currently only invests in home reversion plans.

Home Reversion Plans

Under a home reversion plan, the homeowner sells all or part of his home to an investor in exchange for a lifetime rentfree lease. The homeowner enjoys the security of being able to continue to live at home, rent-free, for the rest of his life and benefits from a tax-free cash lump sum. The flexibility of the home reversion product allows the homeowner to raise money from his home in stages to suit his needs and maximise the value received.

In May 2004, the Government announced that the FSA would regulate the sale of home reversions, thereby endorsing home reversion plans as a core equity release product.!

L'ome & Capital Trust Limited

Sovereign Reversions owns a 40.9% holding in Home & Capital Trust Limited, a leading provider of home reversion plans and high quality, specialist services to the equity release market. It manages some 1,600 home reversion properties, with a vacant possession value in excess of £200 million, for a diverse range of investors.

Sovereign Reversions - Financial Record

30 April	30 April	30 April	30 April	30 April
2000	2001	2002	2003	2004
£000	£000			£000
2,920	9,154	11,405	16,594	39,095
5,007	17,605	22,539	34,477	61,434
•		•	,	•
171	153	384	669	902
427	500	1,238	2,025	2,588
		,	•	•
pence	pence	pence	pence	pence
139.9	183.8	224.4	291.5	305.3
239.9	360.7	467.2	654.8	472.8
	£000 2,920 5,007 171 427 pence 139.9	2000 2001 £000 £000 2,920 9,154 5,007 17,605 171 153 427 500 pence pence 139.9 183.8	2000 2001 2002 £000 £000 £000 2,920 9,154 11,405 5,007 17,605 22,539 171 153 384 427 500 1,238 pence pence pence 139.9 183.8 224.4	2000 2001 2002 2003 £000 £000 £000 £000 2,920 9,154 11,405 16,594 5,007 17,605 22,539 34,477 171 153 384 669 427 500 1,238 2,025 pence pence pence pence 139.9 183.8 224.4 291.5

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⁽¹⁾ Embedded value represents net asset value adjusted to reflect home reversions at their vacant possession value and excluding the effect of taxation

⁽²⁾ Net cash flow from investments represents cash proceeds from property sales less administrative expenses (excluding amortisation of goodwill), before net finance costs and taxation.

⁽³⁾ Per share calculations have been adjusted for the impact of the exercise of warrants, insofar as the warrant exercise price is below net asset value

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Appointment of Stockbrokers

Released

10:44 26-Oct-04

Number

4725E

RNS Number: 4725E

Paragon Group Of Companies PLC

26 October 2004

Appointment of Stockbrokers

The Board of The Paragon Group of Companies PLC ("Paragon") today announces that it has appointed UBS Limited and Hoare Govett Limited as joint stockbrokers to the company, with immediate effect.

The Board of Directors intends to announce the preliminary results for the year ended 30 September 2004 on Thursday 25 November 2004 and a full report on the progress achieved by the Group will be issued at that time.

Enquiries:

The Paragon Group of Companies PLC Nick Keen, Finance Director

Tel: 0121 7122060

UBS Limited

Adrian Haxby, Managing Director - Investment Banking

Tel: 020 7568 2641

Hoare Govett Limited

Andrew Thompson, Managing Director - Corporate Broking

Tel: 020 7678 1363

Le Wriglesworth Consultancy

Mark Baker

Tel: 020 7845 7900

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Company

Paragon Group Of Companies PLC

MOIT

Headline

Disposal - Replacement

Released

11:16 26-Oct-04

Number

4733E

RNS Number: 4733E

Paragon Group Of Companies PLC

26 October 2004

The following amendment has been made to the 'Disposal' announcement released today at 10:38 under RNS No 4716E.

Within the last sentence the word 'securities' should read 'securitise'.

.1 other details remain unchanged.

The full amended text is shown below.

DISPOSAL OF NHL REVERSIONS LIMITED

The Board of The Paragon Group of Companies PLC announces that it has disposed of the entire share capital of NHL Reversions Limited for £2.04m, payable in cash by Sovereign Reversions plc, an AIM listed Home Reversions company. Of the consideration, approximately £0.9m represents a profit on disposal. NHL Reversions comprises a portfolio of 27 home reversions originated in the early 1990s. Paragon has disposed of its interest because the activity is non-core, the portfolio's scale makes administration uneconomic for Paragon and the ownership structure does not fit with Paragon's desire to securitise all receivables.

Prquiries:

Nick Keen, Finance Director 0121 7122060

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Blocklisting Interim Review

Released

09:45 27-Oct-04

Number

RNS Number:5180E

Paragon Group Of Companies PLC

27 October 2004

BLOCKLISTING SIX MONTHLY REVIEW

NAME OF COMPANY:

THE PARAGON GROUP OF COMPANIES PLC

2. NAME OF SCHEME:

EXECUTIVE SHARE OPTION SCHEME

3. PERIOD OF RETURN:

FROM:

TO:

17/04/04

16/10/04

4. NUMBER AND CLASS OF SHARES(S) (AMOUNT OF STOCK/DEBT SECURITY) NOT ISSUED UNDER SCHEME AT END OF THE LAST PERIOD:

1,650,307

5. NUMBER OF SHARES ISSUED/ALLOTTED UNDER SCHEME DURING PERIOD:

80,000

6. BALANCE UNDER SCHEME NOT YET ISSUED/ALLOTTED AT END OF PERIOD:

1,570,307

7. NUMBER AND CLASS OF SHARE(S) (AMOUNT OF STOCK/DEBT SECURITIES) ORIGINALLY LISTED AND THE DATE OF ADMISSION:

ORDINARY SHARES OF 10P EACH

PLEASE CONFIRM TOTAL NUMBER OF SHARES IN ISSUE AT THE END OF THE PERIOD IN ORDER FOR US TO UPDATE OUR RECORDS.

119,891,708

CONTACT FOR QUERIES

NAME:

MR JOHN GEMMELL

TELEPHONE:

0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Blocklisting Interim Review

Released

09:05 24-Nov-04

Number

5802F

RNS Number:5802F

Paragon Group Of Companies PLC

24 November 2004

BLOCKLISTING SIX MONTHLY REVIEW

1. NAME OF COMPANY:

THE PARAGON GROUP OF COMPANIES PLC

2. NAME OF SCHEME:

THE PARAGON 1999 SHARESAVE SCHEME

3. PERIOD OF RETURN:

FROM: 25/05/04

TO: 24/11/04

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4. NUMBER AND CLASS OF SHARES(S) (AMOUNT OF STOCK/DEBT SECURITY) NOT ISSUED UNDER SCHEME

AT END OF THE LAST PERIOD:

414,028

5. NUMBER OF SHARES ISSUED/ALLOTTED UNDER SCHEME DURING PERIOD:

9,308

6. BALANCE UNDER SCHEME NOT YET ISSUED/ALLOTTED AT END OF PERIOD:

404,720

7. NUMBER AND CLASS OF SHARE(S) (AMOUNT OF STOCK/DEBT SECURITIES) ORIGINALLY LISTED AND THE DATE OF ADMISSION: ORDINARY SHARES OF 10P EACH

PLEASE CONFIRM TOTAL NUMBER OF SHARES IN ISSUE AT THE END OF THE PERIOD IN ORDER FOR US TO UPDATE OUR RECORDS.

119,892,536

CONTACT FOR QUERIES

NAME:

MR JOHN GEMMELL

TELEPHONE: 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

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Headline Released Final Results 07:00 25-Nov-04

Number

6252F

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STRONG PROFIT GROWTH FOR PARAGON

AMPORTAL OF INTERMA COMPURATE FIN

The Paragon Group of Companies PLC ("Paragon"), one of the UK's largest specialist lenders offering buy-to-let mortgages, personal loans, vehicle finance and retail finance, today announces its Preliminary Results for the year ended 30 September 2004.

ghlights include

- Profit before tax up 36.8% to £71.0 million (2003: £51.9 million)
- Earnings per share up 35.2% to 48.0p (2003: 35.5p)
- Dividend per share up 52.4% to 9.6p (2003: 6.3p)
- Total advances up 43.8% to £2,124.3 million (2003: £1,477.4 million)
- Net loan assets increased to £5,950.9 million (2003: £5,287.1 million)
- Mortgage Trust fully integrated and trading profitably
- Strong start to the new financial year
- Long term prospects for buy-to-let sector remain attractive

Commenting on the results, Jonathan Perry, Chairman of Paragon, said:

"The Group has had an outstanding year. Volumes and profits have continued to increase strongly and the integration of Mortgage Trust, which traded profitably during the year, has been completed successfully. We may seen a good start to the new financial year with a higher opening pipeline and completions in line with plan.

It is still too early to say whether slowing housing activity will lead to a soft or a hard landing for house prices and this uncertainty is weighing down sentiment for housing. Whilst this has beneficial consequences for the landlord, in the form of improved tenant demand and rising rents, the impact of this sentiment on buy-to-let activity over the coming months remains to be seen. In the longer term, we remain convinced that prospects for the private rented sector remain strong

The acquisition of Mortgage Trust at a significant discount to net assets has provided a new profit stream for the Group in the core buy-to-let area of our business activities. The rapid and successful turnaround of this business has added significant value for shareholders. Looking forward, we shall continue to seek actively acquisition opportunities to supplement organic business flows."

For further information, please contact:

The Paragon Group of Companies PLC Nigel Terrington, Chief Executive Nick Keen, Finance Director Tel: 020 7786 8474

The Wriglesworth Consultancy John Wriglesworth/Mark Baker Tel: 020 7845 7900 Mobile: 07980 635 243 (MB)

Market News Page 4 of 15

CHAIRMAN'S STATEMENT

I am pleased to report that the performance of the Group during the year ended 30 September 2004 was exceptionally strong, evidenced by the growth seen in lending volumes and profits.

Profit before tax increased by 36.8% to £71.0 million for the year, compared with £51.9 million for the previous year and earnings per share increased by 35.2% to 48.0p from 35.5p. Mortgage Trust (formerly Britannic Money) which was acquired in June 2003, is now fully integrated and contributed £15.1 million to profits before taxation for the year (2003: £1.2 million loss) after a credit of £5.2 million in respect of the amortisation of negative goodwill (2003: £2.1 million).

In view of these strong results and consistent with our intention to reduce dividend cover progressively, your Board has declared an increased final dividend of 5.7p per share which, when added to the interim dividend of 3.9p paid on 2 July, gives a total dividend of 9.6p per share for the year, an increase of 52.4% over last year. Lubject to approval at the Annual General Meeting on 9 February, the dividend will be paid on 11 February 2005, by reference to a record date of 14 January 2005.

Total advances by the Group during the year were £2,124.3 million, compared with £1,477.4 million during the previous year, an increase of 43.8%. Net loan assets at 30 September 2004, inclusive of those held by the off-balance sheet companies managed by Mortgage Trust, were £5,950.9 million, compared with £5,287.1 million at 30 September 2003. Of these £5,523.4 million or 92.8% were secured on residential property, providing a base of high quality assets.

The modest increase in net interest income to £80.6 million from £76.5 million reflects both the move away from higher risk assets towards secured, and thus low risk, lending and the normal lag in loan rates following the increases in LIBOR during the year which resulted in a tightening of margins. If interest rates fall, as a mber of economists expect, this effect should reverse.

Other operating income rose to £40.2 million from £31.0 million, an increase of 29.7%, as a result of commissions and fees earned on the larger portfolio and on the higher volume of business written during the year.

Operating expenses, excluding the impact of the goodwill credit of £5.2 million were £43.9 million, compared with £37.9 million (excluding the goodwill credit of £2.1 million and exceptional costs of £3.9 million) in the previous year. At 36.3% (2003: 35.3%) the cost: income ratio increased slightly as a result of the inclusion of the full costs of Mortgage Trust during the period (note 5). However, this represents a reduction from the rate of 37.8% reported at the half year, the cost savings from the introduction of operational efficiencies earlier in the year having impacted favourably on the cost: income ratio in the second half of the year. Excluding Mortgage Trust, the cost: income ratio decreased to 32.2% from 33.2% last year.

The charge for provisions for losses of £11.1 million for the year compares with £15.9 million for the previous

Market News Page 5 of 15

year. The reduction reflects the significant shift in the Group's lending activities in recent years towards secured lending, where margins are lower but the credit profile is better. The relatively low level of charge is also attributable to the high credit standards required by all lending divisions and the high quality of underwriting applied.

After providing for corporation tax at a charge rate of 23% and for the dividend in respect of the year, profits of £43.7 million have been transferred to shareholders' funds.

FIRST MORTGAGES

The performance of the first mortgage business was exceptionally strong in 2004. Total first mortgage lending by the Group was £1,674.3 million for the year, an increase of 67.8% over the previous year. The buy-to-let portfolio, including those assets managed by Mortgage Trust, increased by 34.8% to £4,052.0 million (2003: \$^3,006.7\$ million), whilst total first mortgage assets, including those managed by Mortgage Trust, increased by 15.2% to £5,002.9 million (2003: £4,341.1 million). The credit performance of the buy-to-let portfolio remains exemplary, with arrears levels running at a fraction of market levels for owner-occupied lending. The new business pipeline at 30 September 2004 was significantly higher than a year earlier, providing a strong start to completions in the new financial year.

The succession of interest rate increases by the Monetary Policy Committee over the past year appears to have had the desired effect on the housing market. At the same time the need for intermediaries and lenders to meet the requirements of the new mortgage regulations from 1 November 2004 has diverted attention away from business generation. Evidence of slower activity and of softer prices has been well documented. Less well covered has been evidence of the consequential improvement in demand for rented accommodation, with surveys from RICS, ARLA and, indeed, Paragon Mortgages reporting increasing tenant demand, reducing stocks of unlet property and improving rents. These are all factors which underpin the credit quality of buy-to-lending.

It seems likely that we are at or near the peak of the present interest rate cycle, with a number of economists suggesting that rates could begin to fall next year. It is, however, too early to say whether the slowing housing activity will lead to a soft or a hard landing for house prices and this uncertainty is weighing down sentiment for housing. Whilst we have seen a strong start to the new financial year, the impact of this sentiment on buy-to-let activity over the coming months remains to be seen.

Despite some speculation to the contrary, we have seen no evidence of buy-to-let investors disposing of their properties in response to house price uncertainty. Indeed, our experience of buy-to-let loans having a lower redemption rate than owner-occupied mortgages has continued. In addition, survey data has confirmed the view that the majority of landlords in the buy-to-let market take a long-term view of their investment portfolios.

In the longer term, we remain convinced that the prospects for the private rented sector remain strong, with

Market News Page 6 of 15

demographic factors contributing to increasing demand for tenanted accommodation. We note that it was during the last significant housing slowdown, in the early 1990s, that the private rented sector saw its largest increase in rental units. Further, recent research by Mintel found that 3.3 million people are considering purchasing buy-to-let properties over the next twelve months, whilst 75% of existing landlords are expecting to rent out more property in the next decade. The attractiveness of buy-to-let as an investment may be further enhanced when residential property becomes eligible for inclusion in pension schemes from April 2006.

Mortgage Trust Services plc, a subsidiary company, has been successful in its application for permission under Part IV of the Financial Services and Markets Act 2000 to become authorised to carry on mortgage and/or general insurance business.

Paragon Mortgages

^baragon Mortgages enjoyed significant growth in its lending during the year with loans advanced totalling £1,106.5 million, an increase of 41.6% from the previous year's £781.3 million. At 30 September 2004 the loan book of Paragon Mortgages Limited stood at £2,638.1 million, an increase of 36.4% from £1,934.3 million at 30 September 2003. In an increasingly competitive market Paragon Mortgages has continued to make strong progress by focusing on the specialist needs of professional landlords.

Market News Page 7 of 15

Paragon Mortgages has received, for the third year running, the highly-prized accolade of "Buy-to-Let Lender of the Year" from the National Association of Commercial Finance Brokers.

Mortgage Trust

Mortgage Trust advanced £567.8 million (2003 3 months: £216.3 million) with volumes recovering strongly from the temporary reduction which followed the rationalisation of the new business product range in favour of more profitable buy-to-let products, the focus now being on the mid-market buy-to-let sector. At 30 September 2004 Mortgage Trust had loans under management of £2,229.1 million (2003: £2,230.1 million) of which £1,450.4 million related to buy-to-let (2003: £1,127.5 million) and £778.7 million related to owner-occupied mortgages (2003: £1,102.6 million).

Since the acquisition of Britannic Money in June 2003, the business has been successfully turned from loss making into profit. In addition to the re-focusing of new business activity mentioned above, which has improved the profitability of new advances, a significant operational restructuring has resulted in substantial cost savings. By combining support functions and relocating administration activities to our operational centre in Solihull, staff at Mortgage Trust's Epsom office have been reduced from 247 at the time of the acquisition to 86 at 30 September 2004.

An attractive feature of Mortgage Trust when we acquired the business was the quality of its systems infrastructure, as this had seen considerable investment in the period prior to our acquisition. A major project is currently underway to migrate the Group's other businesses to the Mortgage Trust platform. The first phase of this project, which will see all first mortgage activities operating on the new common platform, is expected to be completed in the current financial year.

NHL Book

The NHL book reduced to £135.7 million at 30 September 2004, from £176.7 million at 30 September 2003 and recorded a satisfactory performance over the period.

CONSUMER FINANCE

At 30 September 2004 the Consumer Finance book, comprising secured and unsecured personal loans and sales aid finance stood at £891.3 million, (2003: £888.9 million). Aggregate loan advances were £450.0 million during the year, compared with £479.8 million in the previous year. The credit performance of our consumer books has been satisfactory and, assuming relatively full employment, is expected to remain so.

Personal Finance

Secured personal finance advances were £305.4 million during the year, compared with £298.9 million for the previous year. At the year end, the secured book totalled £476.0 million (2003: £384.9 million). Volumes for

Market News Page 8 of 15

the year were in line with plan and were achieved in an increasingly competitive environment following a very strong performance in the second half of the previous year. Paragon Personal Finance has consolidated its position as a leading supplier of loans to the broker market with confidence in the brand remaining strong. During the period the level of new unsecured personal loan advances was negligible.

We expect competitive pressures in the secured loans market to increase over the next year as a result of new entrants to the market and a cooling of the housing market. Nevertheless, Paragon Personal Finance will maintain its position on credit quality and seek further growth through prudent innovation and improved service through new technology.

Sales Aid Finance

During the year ended 30 September 2004, new business of £144.2 million was advanced by this division, compared with £172.3 million in the previous year. At the year end the Sales Aid Finance book totalled £208.6 million (2003: £254.6 million).

As we have reported previously, we have limited lending volumes in our retail and car finance business as a result of less than adequate returns from some of this business. Following the removal of unprofitable distribution sources and products, the profitability of new business written has risen significantly. We have focused on streamlining the car finance distribution channels and reducing unprofitable business relationships, and have integrated the front-end administration of the retail finance business to improve service levels and reduce costs.

As a result of these initiatives the profitability of our sales aid finance businesses has improved. We will strive for further improvement before increasing the capital devoted to this area.

JNDING

The Group has been active in the securitisation market throughout the year and most of the transactions contain tranches denominated in US dollars and/or euros as well as in sterling.

In October 2003 a £715 million securitisation of mortgage assets was completed by Paragon Mortgages (No. 6) plc; in January 2004 a £500 million securitisation of Mortgage Trust originated assets was completed by First Flexible No. 6 plc; in May 2004 a £900 million securitisation of Paragon Mortgages and Mortgage Trust originations was completed by Paragon Mortgages (No. 7) plc; and in October 2004 a £1.0 billion securitisation, the largest Paragon transaction to date, of assets originated by Paragon Mortgages and Mortgage Trust, was completed by Paragon Mortgages (No. 8) plc. This last transaction also carried the lowest coupon of any of our buy-to-let issues to date.

During the year we replaced the Group's corporate banking facility with a £280 million facility to provide

Market News Page 9 of 15

funding to support planned new business generation. In addition, we have increased the capacity of our warehouse funding line, through which we finance all newly originated assets prior to securitisation, from £900 million to £1.3 billion. An additional warehouse facility of £225 million is used for most of the originations by Mortgage Trust but in due course the majority of originations by Mortgage Trust will be consolidated with those by the rest of the Group.

The Group has been voted Best Issuer for Investor Reporting in the 2003 Structured Finance International Awards, from over twenty issuers nominated.

BOARD COMPOSITION

In October 2003, as referred to in my statement last year, we appointed two new executive directors, John Heron and Pawan Pandya. John Heron is responsible for the Group's first mortgages division, encompassing ^Daragon Mortgages and Mortgage Trust, and joined the Group in 1986. He is a member of the Executive Committee of the Council of Mortgage Lenders.

Pawan Pandya joined the Group in 1988 and was appointed Chief Operating Officer in 2002. He is responsible for all loan administration and processing, collections and Group technology.

In September 2004 we were pleased to welcome Bob Dench to the Board as an independent non-executive director. Bob previously held various senior positions with Barclays where, following a number of overseas appointments, he returned to the UK and served on the boards of Barclays' Retail Financial Services and Private Client businesses. He played a leading role in Barclays' acquisition of Woolwich plc and in recent years was Managing Director of Barclays' General Insurance, Life and Mortgage businesses before leaving the organisation in 2003. Bob is a non-executive director of AXA UK plc and of Clipper Ventures plc.

UTLOOK

The Group has had an outstanding year. Volumes and profits have continued to increase strongly, arrears performance has remained in accordance with plan and the integration of Mortgage Trust, which traded profitably during the year, has been completed. The opening pipeline is up year on year and trading activity since the year end has been in line with our expectations.

There is little doubt that the housing market has started to soften and the prospect for house prices has become uncertain. Whilst the fundamentals remain strong for the landlord, how this uncertainty will affect landlords' buying decisions in the short-term is difficult to predict. Should there be a deterioration in market conditions, we are confident that the robustness of our business model, with the comparatively low loan to value ratio across our buy-to-let portfolio, the high rental cover and direct landlord obligation, will ensure that this portfolio will outperform other residential mortgage portfolios, in particular owner-occupied residential mortgage portfolios.

Market News

The acquisition of Mortgage Trust at a significant discount to net assets has provided a new profit stream for the Group in the core buy-to-let area of our business activities. The rapid and successful turnaround of this business has added significant value for shareholders. Looking forward, we shall continue to seek actively acquisition opportunities to supplement organic business flows.

Jonathan P L Perry Chairman 25 November 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year to 30 September 2004 (Unaudited)

		2004		2003
Interest receivable Interest payable and similar charges	£m (£m 412.0 (331.4)	£m	£m 272.0 (195.5)
Net interest income Other operating income	: :	80.6 40.2		76.5 31.0
Total operating income		120.8		107.5
Operating expenses Exceptional reorganisation costs	<u>.</u> ;		(3.9)	
Other operating expenses	(43.9)		(37.9)	
Amortisation of negative goodwill	5.2	ı	2.1	
Total operating		(38.7)	-	(39.7)
expenses Provisions for losses	i	(11.1)		(15.9)
Operating profit being profit on ordinary activities before taxation		71.0		51.9
Tax charge on profit on ordinary activities		(16.3)		(11.6)
Profit on ordinary activities after taxation for the financial year	 	54.7		40.3
quity dividend	:	(11.0)		(7.5)
Retained profit		43.7		32.8
Dividend – rate per share		9.6p		6.3p
SHOT C	 			-
Earnings per share - basic - diluted		48.0p 46.2p		35.5p 34.8p

The results for the current and preceding years relate entirely to continuing operations.

There is no material difference between the results as stated above and those determined on the historical cost basis.

CONSOLIDATED BALANCE SHEET 30 September 2004 (Unaudited)

	2004			2003	
	£	C	C	(restated)	
Assets employed	£m	£m	£m	£m	
Fixed assets				r	
Intangible assets	1				
Negative goodwill		(14.0)		(18.8)	
Tangible assets	1	3.4		4.2	
Investments				· · · · · · · · · · · · · · · · · · ·	
Assets subject to non-recourse finance	1,557.7		2,361.6	•	
Non-recourse finance	(1,520.3)	•	(2,285.3)		
•	27.4		7(2		
Loans to customers	37.4		76.3		
Loans to customers	4,492.5		3,051.3		
		4,529.9		3,127.6	
	:	•			
	'	4,519.3		3,113.0	
Current assets	e la				
tocks	3.4		3.8	į	
Debtors falling due within one year	8.8		9.4		
Investments	230.5		144.8		
Cash at bank and in hand	172.0	•	150.5		
		414.7		308.5	
		4,934.0		3,421.5	
		-		•	
Financed by					
Equity shareholders' funds	1				
Called-up share capital		12.0		11.9	
Share premium account	68.8	e^{ϵ}	67.6	1	
Merger reserve Profit and loss account	(70.2)		(70.2)		
From and loss account	270.1		225.8	Í	
		268.7		223.2	
				<u>.</u>	
Share capital & reserves		280.7		235.1	
Own shares		(12.3)		(9.8)	
		268.4		225.3	
Provisions for liabilities and		200.4		223.3	
charges		5.6		7.6	
Creditors	1	5.0		7.0	
Amounts falling due within one year	. !				
g and warm one your	66.4		128.0	(
Amounts falling due after more than one			12010	1.	
year	4,593.6		3,060.6		
•				Ú	
	l e	4,660.0		3,188.6	
	1 .	4.024.0		2.401.5	
•	!	4,934.0		3,421.5	
	12				

The preliminary financial information was approved by the Board of Directors on 25 November 2004.

CO	NSOLIDATED CASH FLOW STATEMEN	T	· · · · · · · · · · · · · · · · · · ·
	the year to 30 September 2004 (Unaudited)		2003
			(restated)
		£m	£m
	Net cash inflow from operating activities	129.3	108.2
	Taxation	(14.6)	(14.4)
	Capital expenditure and financial investment	(685.8)	(626.2)
	Acquisitions and disposals	-	(26.7)
	Equity dividends paid	(8.6)	(6.6)
		(570.7)	(5(5.7)
	Monagement of liquid accounts	(579.7)	(565.7)
	Management of liquid resources	(85.7)	(27.5)
	Financing	686.5	612.6
[nor	ease in each in the year	21.1	19.4
ther	ease in cash in the year	. 21.1	19.4
(a)	Reconciliation of operating profit to net ca	sh flows from operating activities	
		2004	2003
			(restated)
		£m	£m
	Operating profit	71.0	51.9
	Provisions for losses	11.1	15.9
	Depreciation	1.6	1.9
	Amortisation of brokers' commissions	37.2	33.6
	Amortisation of negative goodwill	(5.2)	(2.1)
,	Charge for long term incentive plan	0.9	0.2
	Decrease in stock	<u>-</u>	0.5
	Decrease / (increase) in debtors	0.7	(0.1)
	Increase in creditors	12.0	6.4
		120 2	100.0
	Net cash inflow from operating activities	129.3	108.2
a.v	A a	to the early flame statement	
(b)	Analysis of cash flows for headings netted		2002
		2004	2003
1.4.1		· · · · · · · · · · · · · · · · · · ·	(restated)
	Canital avnanditure and financial investment	£m	£m
	Capital expenditure and financial investment		
	Net decrease / (increase) in assets subject to non- funding	recourse 800.2	(78.2)
	Net increase in loans to customers	(1,485.2)	(546.9)
	Expenditure on other fixed assets	(1,465.2) (1.0)	(1.3)
	Proceeds from sales of other fixed assets	0.2	0.2
	Proceeds from sales of other fixed assets	0.2	0.2
		(685.8)	(626.2)
		· ·	
(c)	Reconciliation of net cash flow to movemen	nt in net debt	
` '	•	2004	2003
			(restated)
		£m	£m
	Increase in cash in year	21.1	19.4
	Cash inflow from increase in debt	(687.2)	(612.3)
1	Cash movement from change in liquid resources		27.5
	- •	<u></u>	
	Change in net debt arising from cash flows	(580.4)	(565.4)
	Non-recourse finance acquired with subsidiary	• · · · · · · · · · · · · · · · · · · ·	(2,212.7)

Loans	acquired	with	subsidiary
	acuuncu	willi	subsidial v

Movement in net debt in year Net debt at 1 October 2003

Net debt at 30 September 2004

<u>-</u>	(53.4)	÷
(580.4) (5,130.2)	(2,831.5) (2,298.7)	
(5,710.6)	(5,130.2)	

NOTES TO THE FINANCIAL INFORMATION For the year to 30 September 2004 (Unaudited)

- 1. The financial information set out in this preliminary announcement has not been audited.
- 2. A final dividend of 5.7p per share is proposed, payable on 11 February 2005 with a record date of 14 January 2005.
- 3. The financial information has been prepared using the same accounting policies as were used in preparing the statutory accounts of the Company for the year to 30 September 2003, except as stated in Note 4.
- 4. The balance sheet as at 30 September 2003 has been restated to reflect the implementation of UITF Abstract 38 'Accounting for ESOP Trusts' which requires that shares held by the trustee of the Group's share option schemes are shown on the balance sheet as a deduction in arriving at Equity Shareholders' Funds, rather than as investment in own shares within fixed assets, as was required by the previous UITF Abstract 13, which has now been withdrawn. The impact of this change on the profit and loss account and the cash flow statement is immaterial for both periods.
- 5. The cost income ratio for the year is calculated by dividing operating expenses, excluding reorganisation costs of £nil (2003: £3.9m) and the amortisation of negative goodwill of £5.2m (2003: £2.1m), of £43.9m (2003: £37.9m) by total operating income of £120.8m (2003: £107.5m) to give 36.3% (2003: 35.3%).
- 6. Earnings per ordinary share is calculated as follows:

	2004	2003
Profit for the year	£54,700,000	£40,300,000
Basic weighted average number of ordinary shares ranking	•	110.070.400
for dividend during the year	113,942,576	113,362,439
Dilutive effect of the weighted average number of share options in issue during the year	4,364,990	2,397,769
Diluted weighted average number of ordinary shares ranki for dividend during the year	ng 118,307,566	115,760,208
Earnings per ordinary share - basic - diluted	48.0p 46.2p	35.5p 34.8p

- 7. Assets subject to non-recourse finance comprises Loans to Customers of £1,458.4m (2003: £2,235.8m) and cash of £99.3m (2003: £125.8m).
 - The financial information set out in the announcement does not constitute the Company's statutory accounts for the years to 30 September 2003 or 2004. The financial information for the year to 30 September 2003 is derived from the statutory accounts for that year. These statutory accounts have been delivered to the Registrar of Companies, contained an unqualified audit report and did not contain an adverse statement under sections 237 (2) or 237 (3) of the Companies Act 1985. The statutory accounts for the year to 30 September 2004 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.
- 9. A copy of the Annual Report and Accounts for the year to 30 September 2004 will be posted to shareholders in due course. Copies of this announcement can be obtained from The Paragon Group of Companies PLC, St. Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.

END

Close

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2006 JUL 10 P 1: 14

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Company

TIDM

Headline

Paragon Group Of Companies PLC FICE OF INTERMATIONAL CORPORATEFINANCE Director Shareholding

Released

16:00 25-Nov-04

Number

6642F

RNS Number: 6642F Paragon Group Of Companies PLC 25 November 2004

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

2) NAME OF DIRECTOR

ROBERT G. DENCH

3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

Name of the registered holder(s) and, if more than one holder, the 4) number of shares held by each of them. (If notified)

ROBERT G. DENCH

5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)

DIRECTOR

6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

SHARE PURCHASE

Number of shares/amount of 7) stock acquired

20,000

8) Percentage of issued Class

0.01668%

9) Number of shares/amount of stock disposed

N/A

10) Percentage of issued Class

Ņ/A

11) Class of security 10p ORDINARY

12) Price per share

£3.385

13) Date of transaction

25/11/04

14) Date company informed

25/11/04

15) Total holding following this notification

20,000

16) Total percentage holding of issued class following this notification

0.01668%

IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES

- 17) Date of grant
- 18) Period during which or date on which exercisable
- Total amount paid (if any) for grant of the option
- Description of shares or debentures involved: class, number.
- Exercise price (if fixed at time of grant) or indication that price 21) is to be fixed at time of exercise
- Total number of shares or debentures over which options held following this notification
- Any additional information

24) Name of contact and telephone number for queries

MR JOHN G. GEMMELL

0121 712 2075

25) Name and signature of authorised company official responsible for making this notification

Date of Notification

25 NOVEMBER 2004

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company

Released

17:17 25-Nov-04

Number

6720F

RNS Number:6720F

Paragon Group Of Companies PLC

25 November 2004

HOLDING IN COMPANY

We have today received notification from Schroder Investment Management Limited advise that they, and their affiliated companies, now hold 15,554,836 dinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 12.974% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

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Headline

Director Shareholding-Replace

Released

12:51 01-Dec-04

Number

8760F

RNS Number:8760F

Paragon Group Of Companies PLC

1 December 2004

29% JUL 10 P 1:15 CORPORATE FINANCE

The following amendment has been made to the 'Director Shareholding' announcement released today at 11:57 under RNS No 8638F.

Within the form for Jonathan Perry, the percentage in section 10 should read '0.067% and not '0.67%' as previously stated.

All other details remain unchanged.

The full amended text is shown below.

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

NAME OF DIRECTOR

JONATHAN PERRY

3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)

JONATHAN PERRY

Please state whether notification relates to a person(s) connected 5) with the Director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS NEARING EXPIRY AND SALE OF SHARES

7) Number of shares/amount of stock acquired

80,000

8) Percentage of issued Class

0.067%

Number of shares/amount of stock disposed

80,000

10) Percentage of issued Class 0.067%

11) Class of security 10P ORDINARY

12) Price per share SEE BELOW

13) Date of transaction 30/11/04

14) Date company informed 30/11/04

15) Total holding following this notification 309,579

16) Total percentage holding of issued class following this notification 0.2582%

IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE

COMPLETE THE FOLLOWING BOXES

- 17) Date of grant
- Period during which or date on which exercisable 18)
- 19) Total amount paid (if any) for grant of the option
- 20) Description of shares or debentures involved: class, number.
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- Total number of shares or debentures over which options held following this notification
- 23) Any additional information
- Name of contact and telephone number for queries 24) MR JOHN G. GEMMELL 0121 712 2075
- 25) Name and signature of authorised company official responsible for making this notification
- Date of Notification
 - 1 DECEMBER 2004

JONATHAN PERRY

Exercise of Options:

80,000 @ £2.180

Sale of Shares:

80,000 @ £3.48375

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

l) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

NAME OF DIRECTOR 2)

NICHOLAS KEEN

3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)

NICHOLAS KEEN

5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS NEARING EXPIRY AND SALE OF SHARES

7) Number of shares/amount of stock acquired

160,000

8) Percentage of issued Class

0.133%

9) Number of shares/amount of stock disposed

160,000

10) Percentage of issued Class

0.133%

11) Class of security

10P ORDINARY

- 12) Price per share SEE BELOW
- 13) Date of transaction 30/11/04
- 14) Date company informed 30/11/04
- 15) Total holding following this notification 44,116
- Total percentage holding of issued class following this notification 0.0368%
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- 17) Date of grant
- 18) Period during which or date on which exercisable
- 19) Total amount paid (if any) for grant of the option
- Description of shares or debentures involved: class, number,
- Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- 22) Total number of shares or debentures over which options held following this notification
- 23) Any additional information
- 24) Name of contact and telephone number for queries MR JOHN G. GEMMELL

0121 712 2075

25) Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

NICHOLAS KEEN

Exercise of Options:

160,000

£2.180

Sale of Shares:

160,000

£3.48375

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

2) NAME OF DIRECTOR

NIGEL TERRINGTON

Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)

NIGEL TERRINGTON

5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS NEARING EXPIRY AND SALE OF SHARES

Number of shares/amount of 7) stock acquired

170,000

8) Percentage of issued Class 0.142%

9) Number of shares/amount of stock disposed 170,000

Percentage of issued Class 0.142%

11) Class of security 10P ORDINARY

12) Price per share SEE BELOW

13) Date of transaction 30/11/04

Date company informed 30/11/04

15) Total holding following this notification 99,219

16) Total percentage holding of issued class following this notification 0.0828%

IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES

17) Date of grant

18) Period during which or date on which exercisable

- Total amount paid (if any) for grant of the option 19)
- 20) Description of shares or debentures involved: class, number.
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- Total number of shares or debentures over which options held 22) following this notification
- Any additional information
- 24) Name of contact and telephone number for queries MR JOHN G. GEMMELL 0121 712 2075
- 25) Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

NIGEL TERRINGTON

rcise of Options:

170,000

£2,180

Sale of Shares:

170,000

3.48375

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

2) NAME OF DIRECTOR

JOHN HERON

3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)

JOHN HERON

Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS AND CONSEQUENTIAL SALE OF SHARES

7) Number of shares/amount of stock acquired

185,000

8) Percentage of issued Class

0.154%

Number of shares/amount of stock disposed

185,000

10) Percentage of issued Class

0.154%

11) Class of security

10P ORDINARY

12) Price per share

SEE BELOW

- 13) Date of transaction
 30/11/04
- 14) Date company informed
 30/11/04
- 15) Total holding following this notification 5,600
- 16) Total percentage holding of issued class following this notification 0.0047%
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- 17) Date of grant
- 18) Period during which or date on which exercisable
- 19) Total amount paid (if any) for grant of the option
- 20) Description of shares or debentures involved: class, number.
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- 22) Total number of shares or debentures over which options held following this notification
- 23) Any additional information

 SALE OF SHARES TO FINANCE PROPERTY INVESTMENT.
- Name of contact and telephone number for queries
 MR JOHN G. GEMMELL
 0121 712 2075
- 25) Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

JOHN HERON

Exercise of Options:

48,000	@	£2.180
32,000	@	£2.180
45,000	@	£1.485
60,000	@	£2.480

Sale of Shares:

185,000 £3.48375

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

NAME OF DIRECTOR

NICHOLAS KEEN

- 3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest
- Name of the registered holder(s) and, if more than one holder, the 4) number of shares held by each of them. (If notified)
- 5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)
- 6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary
- 7) Number of shares/amount of stock acquired

- Percentage of issued Class
- 9) Number of shares/amount of stock disposed
- 10) Percentage of issued Class
- Class of security 11)
- 12) Price per share
- 13) Date of transaction
- 14) Date company informed
- Total holding following this notification
- 16) Total percentage holding of issued class following this notification
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- Date of grant
 - 1 DECEMBER 2004
- 18) Period during which or date on which exercisable 01/12/07 - 01/12/14
- 19) Total amount paid (if any) for grant of the option NIL
- 20) Description of shares or debentures involved: class, number. 82,347 ORDINARY SHARES OF 10P
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise

£3.48375

22) Total number of shares or debentures over which options held following this notification

850,093

23) Any additional information

GRANT UNDER THE PARAGON 2000 EXECUTIVE SHARE OPTION SCHEME

24) Name of contact and telephone number for queries

JOHN G. GEMMELL 0121 712 2075

Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

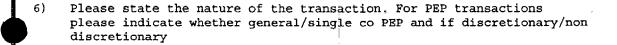
1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

NAME OF DIRECTOR

NIGEL TERRINGTON

- 3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest
- 4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)
- 5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)



- 7) Number of shares/amount of stock acquired
- 8) Percentage of issued Class
- 9) Number of shares/amount of stock disposed
- Percentage of issued Class
- 11) Class of security
- 12) Price per share
- 13) Date of transaction
- 14) Date company informed
- Total holding following this notification
- Total percentage holding of issued class following this notification 16)
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- 17) Date of grant
 - 1 DECEMBER 2004
- 18) Period during which or date on which exercisable 01/12/07 - 01/12/14
- 19) Total amount paid (if any) for grant of the option

NIL

20) Description of shares or debentures involved: class, number.

109,795 ORDINARY SHARES OF 10P

21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise

£3.48375

Total number of shares or debentures over which options held following this notification

1,627,918

23) Any additional information

GRANT UNDER THE PARAGON 2000 EXECUTIVE SHARE OPTION SCHEME

24) Name of contact and telephone number for queries

JOHN G . GEMMELL 0121 712 2075

25) Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

2) NAME OF DIRECTOR

JOHN HERON

Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

- Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)
- 5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)
- 6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary
- 7) Number of shares/amount of stock acquired
- Percentage of issued Class
- 9) Number of shares/amount of stock disposed
- 10) Percentage of issued Class
- 11) Class of security
- 12) Price per share
- Date of transaction
- 14) Date company informed
- 15) Total holding following this notification
- 16) Total percentage holding of issued class following this notification
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- 17) Date of grant
 - 1 DECEMBER 2004

- Period during which or date on which exercisable 01/12/07 - 01/12/14
- 19) Total amount paid (if any) for grant of the option NIL
- 20) Description of shares or debentures involved: class, number. 44,205 ORDINARY SHARES OF 10P
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise £3.48375
- Total number of shares or debentures over which options held following this notification 236,345
- 23) Any additional information GRANT UNDER THE PARAGON 2000 EXECUTIVE SHARE OPTION SCHEME
- 24) Name of contact and telephone number for queries JOHN G. GEMMELL 0121 712 2075
- 25) Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

- 1) NAME OF COMPANY THE PARAGON GROUP OF COMPANIES PLC
- 2) NAME OF DIRECTOR PAWAN PANDYA

- 3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest
- 4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)
- 5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)
- 6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary
- Number of shares/amount of stock acquired
- 8) Percentage of issued Class
- 9) Number of shares/amount of stock disposed
- 10) Percentage of issued Class
- 11) Class of security
- 12) Price per share
- 13) Date of transaction
- 14) Date company informed
- 15) Total holding following this notification
- 16) Total percentage holding of issued class following this notification

IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES

- 17) Date of grant
 - 1 DECEMBER 2004
- 18) Period during which or date on which exercisable 01/12/07 - 01/12/14
- Total amount paid (if any) for grant of the option NIL
- Description of shares or debentures involved: class, number. 44,205 ORDINARY SHARES OF 10P
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise £3.48375
- 22) Total number of shares or debentures over which options held following this notification 293,924
- 23) Any additional information
 - GRANT UNDER THE PARAGON 2000 EXECUTIVE SHARE OPTION SCHEME
- Name of contact and telephone number for queries JOHN G. GEMMELL 0121 712 2075
- Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

This information is provided by RNS The company news service from the London Stock Exchange

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Regulatory Announcement

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Company

TIDM

Headline

Paragon Group Of Companies PLC Director Shareholding-Replace

Released

12:51 01-Dec-04

Number

8760F

RNS Number: 8760F

Paragon Group Of Companies PLC

1 December 2004

The following amendment has been made to the 'Director Shareholding' announcement released today at 11:57 under RNS No 8638F.

Within the form for Jonathan Perry, the percentage in section 10 should read '0.067% and not '0.67%' as previously stated.

All other details remain unchanged.

The full amended text is shown below.

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

NAME OF DIRECTOR

JONATHAN PERRY

Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)

JONATHAN PERRY

Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS NEARING EXPIRY AND SALE OF SHARES

Number of shares/amount of stock acquired 80,000

8) Percentage of issued Class

0.067%

Number of shares/amount of stock disposed

80,000

10) Percentage of issued Class 0.067%

- 11) Class of security 10P ORDINARY
- 12) Price per share SEE BELOW
- 13) Date of transaction 30/11/04
- 14) Date company informed 30/11/04
- 15) Total holding following this notification 309,579
- 16) Total percentage holding of issued class following this notification 0.2582%

IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE

COMPLETE THE FOLLOWING BOXES

- 17) Date of grant
- Period during which or date on which exercisable 18)
- Total amount paid (if any) for grant of the option 19)
- Description of shares or debentures involved: class, number. 20)
- Exercise price (if fixed at time of grant) or indication that price 21) is to be fixed at time of exercise
- Total number of shares or debentures over which options held following this notification
- 23) Any additional information
- Name of contact and telephone number for queries MR JOHN G. GEMMELL 0121 712 2075
- Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

JONATHAN PERRY

Exercise of Options:

80,000

@

£2.180

Sale of Shares:

80,000

£3.48375

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

NAME 'OF DIRECTOR

NICHOLAS KEEN

3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)

NICHOLAS KEEN

5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS NEARING EXPIRY AND SALE OF SHARES

 Number of shares/amount of stock acquired

160,000

Percentage of issued Class

0.133%

9) Number of shares/amount of stock disposed

160,000

10) Percentage of issued Class

0.133%

11) Class of security

10P ORDINARY

- 12) Price per share SEE BELOW
- 13) Date of transaction 30/11/04
- 14) Date company informed 30/11/04
- 15) Total holding following this notification 44,116
- 16) Total percentage holding of issued class following this notification 0.0368%
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- Date of grant 17)
- 18) Period during which or date on which exercisable
- 19) Total amount paid (if any) for grant of the option
- Description of shares or debentures involved: class, number.
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- 221 Total number of shares or debentures over which options held following this notification
- 23) Any additional information
- 24) Name of contact and telephone number for queries MR JOHN G. GEMMELL

0121 712 2075

25) Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

NICHOLAS KEEN

Exercise of Options:

160,000

£2.180

Sale of Shares:

160,000

£3.48375

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

2) NAME OF DIRECTOR

NIGEL TERRINGTON

3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)

NIGEL TERRINGTON

Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS NEARING EXPIRY AND SALE OF SHARES

- 7) Number of shares/amount of stock acquired 170,000
- 8) Percentage of issued Class 0.142%
- 9) Number of shares/amount of stock disposed 170,000
- 10) Percentage of issued Class 0.142%
- 11) Class of security 10P ORDINARY
- 12) Price per share SEE BELOW
- 13) Date of transaction 30/11/04
- 14) Date company informed 30/11/04
- Total holding following this notification 15) 99,219
- Total percentage holding of issued class following this notification 0.0828%
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- 17) Date of grant
- 18) Period during which or date on which exercisable

- Total amount paid (if any) for grant of the option 19)
- 20) Description of shares or debentures involved: class, number.
- Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- 22) Total number of shares or debentures over which options held following this notification
- Any additional information 23)
- 24) Name of contact and telephone number for queries MR JOHN G. GEMMELL 0121 712 2075
- Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

NIGEL TERRINGTON

ercise of Options:

170,000

£2.180

Sale of Shares:

170,000

3.48375

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

NAME OF COMPANY 1)

THE PARAGON GROUP OF COMPANIES PLC

2) NAME OF DIRECTOR

JOHN HERON

3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

DIRECTOR PERSONALLY

Name of the registered holder(s) and, if more than one holder, the 4) number of shares held by each of them. (If notified)

JOHN HERON

Please state whether notification relates to a person(s) connected 5) with the Director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS AND CONSEQUENTIAL SALE OF SHARES

7) Number of shares/amount of stock acquired

185,000

8) Percentage of issued Class

0.154%

Number of shares/amount of stock disposed

185,000

10) Percentage of issued Class

0.154%

Class of security

10P ORDINARY

12) Price per share

SEE BELOW

- 13) Date of transaction 30/11/04
- 14) Date company informed 30/11/04
- 15) Total holding following this notification 5,600
- Total percentage holding of issued class following this notification 0.0047%
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- 17) Date of grant
- 18) Period during which or date on which exercisable
- 19) Total amount paid (if any) for grant of the option
- 20) Description of shares or debentures involved: class, number.
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- 22) Total number of shares or debentures over which options held following this notification
- 23) Any additional information

 SALE OF SHARES TO FINANCE PROPERTY INVESTMENT.
- Name of contact and telephone number for queries

 MR JOHN G. GEMMELL
 0121 712 2075
- 25) Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

JOHN HERON

Exercise of Options:

48,000	@	£2.180
32,000	@	£2.180
45,000	@	£1.485
60,000	@	£2.480

Sale of Shares:

185,000 £3.48375

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

2) NAME OF DIRECTOR

NICHOLAS KEEN

- 3) Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest
- 4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)
- 5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)
- Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary
- 7) Number of shares/amount of stock acquired

- 8) Percentage of issued Class
- 9) Number of shares/amount of stock disposed
- 10) Percentage of issued Class
- 11) Class of security
- 12) Price per share
- 13) Date of transaction
- 14) Date company informed
- 15) Total holding following this notification
- 16) Total percentage holding of issued class following this notification
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
 -) Date of grant
 - 1 DECEMBER 2004
- 18) Period during which or date on which exercisable 01/12/07 01/12/14
- 19) Total amount paid (if any) for grant of the option NIL
- 20) Description of shares or debentures involved: class, number.
 82,347 ORDINARY SHARES OF 10P
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise

£3.48375

22) Total number of shares or debentures over which options held following this notification

850,093

23) Any additional information

GRANT UNDER THE PARAGON 2000 EXECUTIVE SHARE OPTION SCHEME

24) Name of contact and telephone number for queries

JOHN G. GEMMELL 0121 712 2075

Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1) NAME OF COMPANY

THE PARAGON GROUP OF COMPANIES PLC

NAME OF DIRECTOR

NIGEL TERRINGTON

- Please state whether notification indicates that it is in respect of 3) holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest
- 4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)
- Please state whether notification relates to a person(s) connected 5) with the Director named in 2 above and identify the connected person(s)

- 6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary
- 7) Number of shares/amount of stock acquired
- Percentage of issued Class 8)
- 9) Number of shares/amount of stock disposed
- 10) Percentage of issued Class
- 11) Class of security
- 12) Price per share
- 13) Date of transaction
- 14) Date company informed
- 1.5) Total holding following this notification
- Total percentage holding of issued class following this notification
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- 17) Date of grant
 - 1 DECEMBER 2004
- Period during which or date on which exercisable 01/12/07 - 01/12/14
- Total amount paid (if any) for grant of the option 19)

NIL

- Description of shares or debentures involved: class, number. 109,795 ORDINARY SHARES OF 10P
- Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise £3.48375
- Total number of shares or debentures over which options held following this notification

Any additional information

1,627,918

23)

GRANT UNDER THE PARAGON 2000 EXECUTIVE SHARE OPTION SCHEME

24) Name of contact and telephone number for queries JOHN G. GEMMELL

Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

0121 712 2075

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

NAME OF COMPANY 1)

THE PARAGON GROUP OF COMPANIES PLC

2) NAME OF DIRECTOR

JOHN HERON

Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest

- 4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)
- 5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)
- 6) Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary
- 7) Number of shares/amount of stock acquired
- 8) Percentage of issued Class
- 9) Number of shares/amount of stock disposed
- 10) Percentage of issued Class
- 11) Class of security
- 12) Price per share
 - Date of transaction
- 14) Date company informed
- 15) Total holding following this notification
- 16) Total percentage holding of issued class following this notification
 - IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES
- 17) Date of grant
 - 1 DECEMBER 2004

- Period during which or date on which exercisable 01/12/07 - 01/12/14
- 19) Total amount paid (if any) for grant of the option NIL
- Description of shares or debentures involved: class, number. 44,205 ORDINARY SHARES OF 10P
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise £3.48375
- Total number of shares or debentures over which options held 22) following this notification 236,345
- 23) Any additional information GRANT UNDER THE PARAGON 2000 EXECUTIVE SHARE OPTION SCHEME
- 24) Name of contact and telephone number for queries JOHN G. GEMMELL 0121 712 2075
- Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

- 1) NAME OF COMPANY THE PARAGON GROUP OF COMPANIES PLC
- NAME OF DIRECTOR 2) PAWAN PANDYA

- Please state whether notification indicates that it is in respect of 3) holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of an non-beneficial interest
- 4) Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them. (If notified)
- 5) Please state whether notification relates to a person(s) connected with the Director named in 2 above and identify the connected person(s)
- Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary
- Number of shares/amount of 7) stock acquired
- 8) Percentage of issued Class
- Number of shares/amount 9) of stock disposed
- Percentage of issued Class 10)
- 11) Class of security
- 12) Price per share
- Date of transaction
- Date company informed
- 15) Total holding following this notification
- Total percentage holding of issued class following this notification 16)

IF A DIRECTOR HAS BEEN GRANTED OPTIONS BY THE COMPANY PLEASE COMPLETE THE FOLLOWING BOXES

- 17) Date of grant
 - 1 DECEMBER 2004
- 18) Period during which or date on which exercisable 01/12/07 01/12/14
- 19) Total amount paid (if any) for grant of the option NIL
- 20) Description of shares or debentures involved: class, number.

 44,205 ORDINARY SHARES OF 10P
- 21) Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
 £3.48375
- 22) Total number of shares or debentures over which options held following this notification
 293,924
- 23) Any additional information

 GRANT UNDER THE PARAGON 2000 EXECUTIVE SHARE OPTION SCHEME
- 24) Name of contact and telephone number for queries

 JOHN G. GEMMELL
 0121 712 2075
- 25) Name and signature of authorised company official responsible for making this notification

Date of Notification

1 DECEMBER 2004

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The company news service from the London Stock Exchange

END

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2006 JUL 10 P 1: 15

COMPORATE FINANCE

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Company

Paragon Group Of Companies PLC FFICE OF INTERNATIONAL

TIDM

Headline

Transaction in Own Shares

Released

16:59 01-Dec-04

Number

8979F

RNS Number:8979F

Paragon Group Of Companies PLC

1 December 2004

SHARE PURCHASE

On 30 November 2004 the Paragon Employee Share Ownership Trust ("ESOT") rurchased 791,791 ordinary shares of 10p each in The Paragon Group of Companies . .C (the "company") at 3.483785p per share.

These shares were purchased to meet options and awards as they mature and are exercised under the Paragon Executive Share Option Scheme and Performance Share Plan which includes the potential exercise by certain executive directors and other employees of the Company.

Following this purchase the total held by the ESOT is 6,239,021.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PEGCE OF INTERINATION AL CORPORATE FIHANCE

TIDM Headline

Director Shareholding

Released

17:31 02-Dec-04

Number

9709F

RNS Number: 9709F

Paragon Group Of Companies PLC

2 December 2004

2 December 2004

DIRECTOR SHAREHOLDING

~ 2 December 2004 The Paragon Group of Companies PLC granted the following .ards under the Paragon Performance Share Plan ("PPSP"):

Director	Award granted	Exercise period	Total awards now held
N S Terrington	54,897	02/12/07 - 02/06/08	312,670
N Keen	41,173	02/12/07 - 02/06/08	231,071
J A Heron	22,102	02/12/07 - 02/06/08	118,427
P Pandya	22,102	02/12/07 - 02/06/08	120,620

Under the terms of the PPSP these awards will become exercisable provided the Company's total shareholder return over the three year period commencing 1 October 2004 is at or above the median TSR for a comparator group of companies making up the FTSE All Share Banks and Speciality and Other Finance Sector. The extent to which the shares can be exercised will be dependent upon where the mpany is ranked, with 25% being exercisable for median performance, rising to _.0% for performance on or above the upper quartile.

Enquiries:

John G Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company

Released

15:06 06-Dec-04

Number

0655G

RNS Number:

Paragon Group Of Companies PLC

6 December 2004

We have today received notification from Schroder Investment Management Limited to advise that they, and their affiliated companies, now hold 15,639,300 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 13.033% of our issued capital.

"nquiries:

John Gemmell, Company Secretary 0121 712 2075

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2086 JUL 10 P 1: 15

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Company

Paragon Group Of Companies PLC.
PAG CORPORATE FINANCE

TIDM

Headline

Released

11:43 07-Dec-04

Number

1062G

RNS Number: 1062G

Paragon Group Of Companies PLC

7 December 2004

SHARE PURCHASE

The Paragon Employee Share Ownership Trust ("ESOT") purchased 28,127 ordinary shares of 10p each in The Paragon Group of Companies PLC (the "Company") on the dates and at the prices given below.

te	Shares Purchased	Price
1 December 2004	1,727	350p
2 December 2004	1,400	357p
6 December 2004	25,000	388.92p

These shares were purchased to meet options and awards as they mature and are exercised under the Paragon Executive Share Option Scheme and Performance Share Plan which include the potential exercise by certain executive directors and other employees of the Company.

Following this purchase the total held by the ESOT is 6,249,148.

Enquiries:

John Gemmell, Company Secretary 121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Holding(s) in Company

Released

10:00 31-Dec-04

Number

9301G

RNS Number: 9301G

Paragon Group Of Companies PLC

31 December 2004

HOLDING IN COMPANY

On 30 December 2004 we received notification from Barclays PLC to advise that, through various legal entities, they now hold 13,136,678 ordinary shares of 10p and in The Paragon Group of Companies PLC. The holding represents 10.93% of .e issued share capital of The Paragon Group of Companies PLC.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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OFFICE OF INTERNATIONAL

CORPORATEFINANCE

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Company

Paragon Group Of Companies PLC

TIDM Headline

Annual Report and Accounts

Released

14:34 10-Jan-05

Number

1936H

RNS Number: 1936H

Paragon Group Of Companies PLC

10 January 2005

2004 ANNUAL REPORT AND ACCOUNTS

* copy of The Paragon Group of Companies PLC's annual report and accounts for Le year ended 30 September 2004 has been submitted to the UK Listing Authority and will shortly be available for inspection at the UK Listing Authority's Document Viewing Facility, which is situated at:

Financial Services Authority 25 The North Colonnade Canary Wharf LONDON E14 3HS

Telephone Number: 020 7066 1000

Enquiries:

John Gemmell, Company Secretary ^ 21 712 2075

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Company

TIDM Headline

Holding(s) in Company

Paragon Group Of Companies PLC
PAG

ORRORATE FINANCE

PAG

Released

14:48 14-Jan-05

Number

4027H

RNS Number: 4027H Paragon Group Of Companies PLC 14 January 2005

14 January 2005

HOLDING IN COMPANY

We have today received notification from Schroder Investment Management Limited to advise that they, and their affiliated companies, now hold 15,547,827 dinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 12.924% of our issued capital.

Enquiries;

John Gemmell, Company Secretary 0121 712 2075

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Company

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Regulatory Announcement

Go to market news section

Paragon Group Of Companies PLC

TIDM PA

Headline Director Shareholding Released 15:30 14-Feb-05

Number 5834l

RNS Number: 5834I Paragon Group Of Co

Paragon Group Of Companies PLC 14 February 2005

DIRECTOR SHAREHOLDING

On 11 February 2005 the trustee of The Paragon Group of Companies PLC employee share ownership trust ("the Trustee") granted the following award of Ordinary ares of 10p to certain directors of the Company, for nil consideration or payment, under the Company's Deferred Annual Bonus Scheme in respect of the bonuses for the year ended 30 September 2004.

Director	Award granted	Transfer date
J P L Perry	14,113	1 October 2007
N S Terrington	52,694	1 October 2007
N Keen	39,490	1 October 2007
J A Heron	20,528	1 October 2007
P Pandya	20,528	1 October 2007

Under the terms of the scheme the Trustee will procure that the shares are transferred to the scheme participants as soon as reasonably practicable after the transfer date reported above, subject to a participant continuing to hold office or employment with The Paragon Group of Companies PLC and to the provisions of the Model Code.

.quiries:

John G Gemmell, Group Company Secretary 0121 712 2075

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Company TIDM

Paragon Group Of Companies PLC

FICE OF INTERNATIONAL CORPORATE FINANCE

Headline Released Holding(s) in Company

16:00 14-Feb-05

Number

58951

RNS Number:5895I

Paragon Group Of Companies PLC

14 February 2005

HOLDING IN COMPANY

We have today received notification from Aviva plc to advise that they and Morley Fund Management Limited now hold 5,958,353 ordinary shares of 10p each in a Paragon Group of Companies PLC. The holding represents 4.953% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company

Released

12:23 02-Mar-05

Number

2397J

RNS Number:2397J

Paragon Group Of Companies PLC

2 March 2005

HOLDING IN COMPANY

We have today received notification from Schroder Investment Management Limited to advise that they, and their affiliated companies, now hold 14,194,501 dinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 11.799% of our issued capital.

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2006 JUL 10 P 1: 15

FIGE OF INTERNATIONAL CORPORATE FINANCE

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Blocklisting Interim Review

Released

10:44 11-Mar-05

Number

6366J

RNS Number:6366J

Paragon Group Of Companies PLC

11 March 2005

SCHEDULE 5

BLOCKLISTING SIX MONTHLY RETURN

To: Listing Applications . Listing Authority Financial Services Authority 25, The North Colonnade Canary Wharf London, E14 5HS

1. Name of company

Please ensure the entries on this return are typed

The Paragon Group of Companies PLC	
•••••••••••••••••••••••••••••••••••••••	
2. Name of scheme The Paragon 2000 Executive Share Option S	
***************************************	j
	11/03/05
From	To
Number and class of share(s) (amount of under scheme 365,000	
5. Number of shares issued / allotted und 60,000	
6. Balance under scheme not yet issued / 305,000	•
7. Number and class of share(s) (amount of listed and the date of admission; Ordinary Shares of 10p each	
Please confirm total number of shares in for us to update our records 120,301,843	issue at the end of the period in order

contact for queries
Name Mr John Gemmell
Address St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE
Telephone 0121 712 2075
Person making the return
Name Mr John Gemmell
Position Group Company Secretary
Signature
The FSA does not give any express or implied warranty as to the accuracy of this document or material and does not accept any liability for error or omission. The FSA is not liable for any damages (including, without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from the use of or inability to use this document, or any material contained in

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it, or from any action or decision taken as a result of using this document or

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any such material.

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Holding(s) in Company

10:49 15-Mar-05

Released Number

7596J

RNS Number: 7596J

Paragon Group Of Companies PLC

RECEIVED

7006 JUL 10 P 1: 15 TRICE OF INTERNATIONAL CORPORATE FINANCE

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15 March 2005

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 15,479,618 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 12.867% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

Headline Released Trading Update 10:46 23-Mar-05

Number

1151K

RNS Number:1151K

Paragon Group Of Companies PLC

23 March 2005

THE PARAGON GROUP OF COMPANIES PLC TRADING UPDATE

The Paragon Group of Companies PLC will shortly be meeting analysts ahead of the close period for the half year ending 31 March 2005. The following is an update: the trading position of the Group ahead of the end of the half year.

The Board expects the results for the six months to 31 March to be in line with market expectations.

The trading environment has undoubtedly been more challenging than during the first half of the previous financial year, a period which benefited from a surge of activity after the war in Iraq. Borrowing behaviour has adjusted to increased interest rates and confidence in the housing market has weakened.

As a consequence new business volumes have been lower than in the comparable period last year, but with generally lower rates of redemption reflecting the reduced activity, the loan book has continued to grow in line with our expectations. Margins across the business are comparable with 2004 and, with a larger portfolio, shareholders should expect to see strong growth in net interest income in the first half.

The Group has maintained its conservative credit stance and the performance of the buy-to-let book in particular remains exemplary. Increased borrowing costs, together with the normal seasonal expenditures, have caused some deterioration payment performance in the consumer finance books, and an increased provision charge is expected compared to the first half of last year.

Lower new business activity has had a favourable impact on costs, which remain well controlled across the group. An improvement can be expected in the cost:income ratio from last year.

The outlook for landlords remains positive, with increased rental demand translating into higher rents and improving yields. As suggested by survey evidence, landlords are taking a long term view of their property investments and indeed redemption rates have fallen over the period. Application flows have recovered over the past two months and the pipeline at the end of the period is expected to be at a similar level to March last year. We expect professional landlords to continue to take advantage of market weakness in building their portfolios.

The Board intends to announce the interim results for the six months ending 31 March 2005 on 25 May and a full report on the progress of the Group will be issued at that time.

For further information please contact:

Nigel S Terrington

Chief Executive - Telephone: 0121 712 2024

or

John L Wriglesworth

The Wriglesworth Consultancy - Telephone: 020 7845 7900

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2006 JUL 10 P 1: 15 Paragon Group Of Companies PLC GEFIGE OF INTERNATIONAL CORPORATE FINANCE

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Company

TIDM

Holding(s) in Company

Headline Released

13:38 24-Mar-05

Number

1978K

RNS Number:1978K Paragon Group Of Companies PLC 24 March 2005

LETTER TO: RNS

HOLDING IN COMPANY

have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 13,362,456 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 11.1073% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

From: Paragon Group of Companies PLC

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Regulatory Announcement

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Company F

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company 11:28 29-Mar-05

Released Number

2584K

RNS Number: 2584K

Paragon Group Of Companies PLC

29 March 2005

HOLDING IN COMPANY

We have today received notification from Schroder Investment Management Limited advise that they, and their affiliated companies, now hold 13,138,454 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 10.921% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Blocklisting Interim Review

Released

09:13 18-Apr-05

Number

1594L

RNS Number:1594L

Paragon Group Of Companies PLC

18 April 2005

BLOCKLISTING SIX MONTHLY RETURN

1. Name of company

e Paragon Group of Companies PLC

2. Name of scheme

Executive Share Option Scheme

3. Period of return:

From 17/10/04 To 16/04/05

- 4. Number and class of share(s) (amount of stock / debt security) not issued under scheme
- 1,570,307
- Number of shares issued / allotted under scheme during period:

349,307

- 6. Balance under scheme not yet issued / allotted at end of period
- 1,221,000
- 7. Number and class of share(s) (amount of stock / debt securities) originally listed and the date of admission;

Ordinary Shares of 10p each

Please confirm total number of shares in issue at the end of the period in order for us to update our records

120,301,843

Contact for queries

Name:

Mr John Gemmell

Address:

St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE

Telephone: 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline Released Issue of Debt 13:32 18-Apr-05

Number

1863L

RNS Number: 1863L

Paragon Group Of Companies PLC

18 April 2005

Dated: 18 April 2005

THE PARAGON GROUP OF COMPANIES PLC

RECEIVED

200 JUL 10 P 1:16

CEFICE OF INTERNATIONAL CORPORATE FINANCE

ISSUE OF CALLABLE SUBORDINATED DEBT

The Paragon Group of Companies PLC (the "Company") announces that on 20th April 2005 it is to issue £120 million 7% Callable Subordinated Notes due 2017, at an issue price of 99.347 per cent. The notes have a legal final maturity date of 20th April 2017 but can be called, at the Company's option, on 20th April 2012.

The Royal Bank of Scotland plc is acting as lead manager on the issue.

Enquiries:

Nigel S Terrington, Chief Executive Tel 0121 712 2024

Nicholas Keen, Finance Director Tel 0121 712 2060

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PAG

TIDM Headline

Listing Particulars

Released

Company

11:24 20-Apr-05

Number

2882L

FORMAL NOTICE FOR SPECIALIST SECURITIES

Paragon Group Of Companies PLC

PUBLICATION DATE:

19th April 2005

Application has been made to the UK Listing Authority for the following securities to be approved by the UK I

DETAILS OF ISSUE:

£120,000,000 7.00 per cent. Callable Subordinated Notes due 2017

ISSUER:

The Paragon Group of Companies PLC

INCORPORATED IN

England

AUTHORISED ADVISER:

The Royal Bank of Scotland

Particulars relating to the issue may be obtained during usual business hours for fourteen days from the date of from:

Citibank, N.A.

Citigroup Centre

Canada Square

Canary Wharf

London

E14 5LB

The Royal Bank of Scotland

135 Bishopsgate

London

EC2M 3UR

Copies of the particulars relating to the issue may be viewed at the Document Viewing Facility at the Financial 25 The North Colonnade, London E14 5HS.

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7004 JUL 10 P 1: 16

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Company

TIDM

Headline

Paragon Group Of Companies PLC FFICE OF INTERNATIONAL CORPORATE FINANCE Holding(s) in Company

Released

11:15 22-Apr-05

Number

4032L

RNS Number: 4032L

Paragon Group Of Companies PLC

22 April 2005

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 13,225,214 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 10.993% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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2006 JUL 10 P 1: 1-6 Paragon Group Of Companies PLC

PAG

COSPORATE FINANCE 🕭 Free annual report

Company

TIDM Headline

Released

11:32 03-May-05

Number

7861L

RNS Number: 7861L

Paragon Group Of Companies PLC

03 May 2005

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 13,254,093 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 11.0174% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company

Released

16:08 16-May-05

Number

3594M

RNS Number:3594M

Paragon Group Of Companies PLC

16 May 2005

HOLDING IN COMPANY

We have today received notification from Columbia Wanger Asset Management L.P. to advise that they now hold 5,230,000 ordinary shares of 10p each in The ragon Group of Companies PLC. The holding represents 4.347% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

CORPORATE FINALLO Holding(s) in Company

Released Number

15:47 20-May-05 5904M

RNS Number:5904M

Paragon Group Of Companies PLC

20 May 2005

HOLDING IN COMPANY

We have today received notification from M&G Investment Management Limited to advise that Prudential plc, and certain of its subsidiary companies, now hold 6,062,672 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 5.0396% of our issued share capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC
FFICE OF INTERNATION
CORPORATE FINALICS

TIDM

Headline

Released

13:52 23-May-05

Number

6338M

RNS Number: 6338M Paragon Group Of Companies PLC 23 May 2005

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 13,191,345 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 10.9652% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAC

Headline

Blocklisting Interim Review

Released

10:13 24-May-05

Number

6719M

RNS Number: 6719M

Paragon Group Of Companies PLC

24 May 2005

BLOCKLISTING SIX MONTHLY RETURN

1. Name of company

The Paragon Group of Companies PLC

∠. Name of scheme

The Paragon 1999 Sharesave Scheme

3. Period of return:

From 25/11/04 To 24/05/05

4. Number and class of share(s) (amount of stock / debt security) not issued under scheme

404,720

5. Number of shares issued / allotted under scheme during period:

0

6. Balance under scheme not yet issued / allotted at end of period

4,720

7. Number and class of share(s) (amount of stock / debt securities) originally listed and the date of admission;

Ordinary Shares of 10p each

Please confirm total number of shares in issue at the end of the period in order for us to update our records

120,301,843

Contact for queries

Name: Mr John Gemmell

Address: St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE

Telephone: 0121 712 2075

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2006 JUL 16 P 11 115

CORPORATE FILLE

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Holding(s) in Company

Released

12:07 24-May-05

Number

6841M

RNS Number: 6841M Paragon Group Of Companies PLC 24 May 2005

HOLDING IN COMPANY

We have today received notification from Schroder Investment Management Limited advise that they no longer have a notifiable interest of over 10% of the ordinary shares of 10p each in The Paragon Group of Companies PLC.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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MILLIO PILL Paragon Group Of Companies PLC
OFFICE OF INTERNATIONS
CORPORATE SHOCK OF

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Company

TIDM

Headline

Released

07:00 25-May-05

Number

7011M

RNS Number: 7011M

Paragon Group Of Companies PLC

25 May 2005

Under embargo until Stock Exchange announcement: 7am, Wednesday 25 May 2005

STRONG PROFIT GROWTH FOR PARAGON

The Paragon Group of Companies PLC ("Paragon"), one of the UK's largest dependent specialist lenders offering buy-to-let mortgages, secured personal loans, vehicle finance and retail finance, today announces its interim results for the six months ended 31 March 2005.

Highlights include:

- Profit before tax increased by 9.1% to £36.1 million (2004 H1: £33.1 million)
- Operating profit (excluding goodwill)* increased by 11.5% to £33.9 million (2004 H1: £30.4 million)
- •Earnings per share increased by 11.2% to 24.9p (2004 H1: 22.4p)
- •Interim dividend increased by 33.3% to 5.2p (2004 H1 : 3.9p)
- •Buy-to-let assets increased by 24.8% to £4,398.6 million (2004 H1: £3,524.6 million)
- •Share repurchase programme of up to £20 million announced
- * See note 7

Commenting on the results, Jonathan Perry, Chairman of Paragon, said:

"We are pleased to report strong growth in earnings for a half year where markets have been disrupted by the introduction of mortgage and insurance regulation and when housing market activity has been soft. Our buy-to-let assets have shown a significant increase with lower volumes offset by lower redemptions.

Buy-to-let application flows have recovered well since February, a trend which has continued into the second half of the year, leading to strong growth in the pipeline of business awaiting completion. This bodes well for buy-to-let volumes in the second half of the year.

The strength of the company's financial resources and the continued growth in profits have justified both an acceleration in the rate of dividend increase and the announcement of a share buy back programme to optimise the use of the company's capital."

For further information, please contact:

The Paragon Group of Companies PLC Nigel Terrington, Chief Executive Nick Keen, Finance Director Tel: 0121 712 2024 The Wriglesworth Consultancy Mark Baker John Wriglesworth Tel: 020 7845 7900 Mobile: 07980 635 243 (MB)

THE PARAGON GROUP OF COMPANIES PLC CHAIRMAN'S STATEMENT

During the six months ended 31 March 2005, the Group enjoyed further strong profit growth, driven by continued growth in the loan portfolio, despite slower new lending activity in the period compared with the first half of 2004.

During the period, profit before tax increased by 9.1% to £36.1 million (2004 H1: £33.1 million) and earnings per share increased by 11.2% to 24.9p (2004 H1: 22.4p). Excluding the credit to the profit and loss account for goodwill, operating profit increased by 11.5% to £33.9 million (2004 H1: £30.4 million) (note 7).

At 31 March 2005, net loan assets were £6,087.0 million (note 8), compared with £5,600.4 million at 31 March 2004. This reflected loan redemptions significantly allow the level of new advances, with strong growth in the buy-to-let portfolios more than compensating for the run-off of the owner-occupied first mortgage and unsecured consumer books. Total advances, at £817.9 million, were 20.2% lower than in the previous period (2004 H1: £1,025.4 million). Of these, 93.3% were secured on residential property (2004 H1: 92.0%).

The Board has declared an interim dividend of 5.2p per share, payable on 29 July 2005 to shareholders on the register on 1 July 2005, an increase of 33.3% from last year's interim dividend of 3.9p per share, thus accelerating our progress towards the achievement of a market level of dividend cover.

Net interest income increased by 11.7% to £46.0 million from £41.2 million for the corresponding period last year, reflecting the growth in the loan book, and also the lower cost of sales, principally commissions paid to business introducers. This compensated for the decrease in other operating income to £17.0 million (2004 H1: £18.8 million), similarly reflecting the impact of reduced activity on fees and commissions earned. The average net interest margin on the loan book was similar to 2004.

Cherating expenses, excluding the £2.2 million credit for amortisation of gative goodwill, were £20.6 million, a reduction of 9.3% from £22.7 million for the corresponding period in 2004. The cost:income ratio, at 32.7%, decreased from 37.8% for the first half of 2004 (note 4) following completion of the integration of Mortgage Trust within the Group's operational structure last year and general improvements in operating efficiencies around the Group.

The Group has continued to implement its strategy of reducing exposure to unsecured consumer lending, focusing on growing its secured lending, principally of high quality buy-to-let assets. The number of accounts in arrears across the portfolios was lower as at 31 March 2005 than a year previously, both numerically and as a percentage of live accounts. The mortgage books performed well over the period and the performance of the buy-to-let book remains exemplary. However, as reported in our recent trading statement, the burden of increased interest rates, together with the normal seasonal expenditures, caused some deterioration in payment performance in the consumer portfolios, resulting in an increase in the charge for provisions for losses to £8.5 million for the period (2004 H1: £6.9 million).

After providing for corporation tax at a charge rate of 21%, which we anticipate will apply for the year, and providing for the proposed interim dividend, retained profits of £22.5 million have been transferred to shareholders' funds which were £291.3 million at 31 March 2005 (2004 H1: £246.1 million).

REVIEW OF OPERATIONS

FIRST MORTGAGES

Our strategy has been to grow the high quality buy-to-let first mortgage assets whilst running off the owner-occupied loans, the majority of which were originated by Mortgage Trust prior to acquisition. Total first mortgage completions were £637.2 million for the six months to 31 March 2005, compared with £797.7 million advanced in the corresponding period of 2004. At 31 March 2005, the Paragon Mortgages and Mortgage Trust buy-to-let portfolios had increased by 24.8% to £4,398.6 million from £3,524.6 million at 31 March 2004 whilst total first mortgage assets, including the owner-occupied loans, were £5,178.2 million, an increase of 11.1% from £4,662.1 million at 31 March 2004. The owner-occupied portfolio declined, as expected, by 31.5% between 31 March 2004 and 31 March 2005 from £1,137.5 million to £779.6 million.

The Paragon Mortgages loan book increased by 27.4% to £2,908.5 million at 31 March 2005 (2004 H1: £2,283.3 million), while Mortgage Trust had loans under management of £2,142.3 million (2004 H1: £2,223.5 million) of which buy-to-let loans totalled £1,519.9 million (2004 H1: £1,287.1 million), an increase of 18.1%. New lending by Paragon Mortgages was £464.8 million (2004 H1: £522.4 _llion) whilst Mortgage Trust advanced new loans of £172.4 million (2004 H1: £275.3 million).

Housing market activity has slowed since the summer of 2004 following a very busy period for the market in the wake of the war in Iraq and as a consequence of increased interest rates. The rate of house price growth has also slowed in recent months, with the evidence so far this year suggesting that the market is heading for a soft landing.

Uncertainty elsewhere in the housing market has, however, had positive effects on the buy-to-let market. Market data, and our own survey evidence, indicate that tenant demand has been on the increase in most regions and for most types of property. This has created upward pressure on rents which in turn has resulted in an increase in yields for landlords. At the same time there is less competition for property as it comes onto the market which has meant that landlords have been able to secure good deals on new acquisitions, thus again impacting positively on yields.

Survey evidence continues to suggest that landlords are taking a long term view of their investments, rather than seeking to crystallise speculative gains. In ir own buy-to-let portfolio, we have seen little evidence of landlords selling properties, indeed, compared to the previous year, redemption rates have fallen.

Application levels across our buy-to-let businesses were weaker towards the end of 2004 and during the early part of 2005, partly the result of general housing market uncertainties and partly due to the disruptive impact of the introduction of mortgage regulation. Since then, trading activity has been strong both at Paragon Mortgages and at Mortgage Trust, with the result that the new business pipelines have rebuilt strongly since February. This bodes well for lending volumes in the second half of the year.

Looking further ahead, the prospects for the buy-to-let market remain strong and demand for private rented property is expected to increase, the eligibility of residential property for Self-Invested Personal Pensions ("SIPPs") from 2006 may also have a positive effect on demand. In anticipation, we have recently announced a joint venture with James Hay, the UK's leading provider of SIPPs to provide, jointly, a range of products to support buy-to-let investors who wish to place residential property investments into their SIPP.

The credit profile of our buy-to-let portfolio remains exceptionally high, evidenced by the continuing low arrears rate compared to the mortgage market as a whole and negligible losses.

CONSUMER FINANCE

The consumer finance market has been more challenging in the six months to 31 March 2005 than in the corresponding period last year. Rising interest rates and a weaker housing market have resulted in an adjustment to borrower behaviour, with a consequential reduction in consumer finance business volumes. The Group has maintained its tight credit stance in the face of strong competitive pressure. This resulted in a 3.1% reduction in the Consumer Finance book which, at 31 March 2005, stood at £908.8 million, compared with £938.3 million at 31 March 2004.

Personal Finance

Revisions to the Consumer Credit Act and the introduction of regulation over insurance business have had an adverse effect on volumes as introducers have struggled to adapt systems and working practices to ensure compliance. These disruptive effects appear now to be receding, although higher interest rates have had an impact on the appetite of consumers for further borrowing. This is unlikely to change over the remainder of the year. We continue to be cautious in: our lending approach and have tightened criteria in anticipation of the changing economic environment. Accordingly secured personal finance advances were £125.4 Illion in the period (2004 H1: £146.0 million). These advances were secured on UK residential property.

We continue to manage the run-off of the unsecured personal loan portfolio. Net balances were £190.7 million at 31 March 2005 compared to £226.8 million at 31 March 2004. The impact of interest rates and pressures on personal cashflow over the Christmas period led to a deterioration in payment performance for some customers in arrears, although we saw a recovery during March and April as borrowers caught up on their missed payments.

Sales Aid Finance

In line with our strategy outlined in the year end results, we have continued to focus upon profitability in the car and retail finance sectors as opposed to volume. New loan advances by the division were £55.2 million, compared with £81.7 million for the corresponding period last year.

The profitability of both businesses within Sales Aid Finance has improved during the half year along with the profile and quality of the business received The to the removal of unprofitable relationships and the tightening of credit andards. The principal focus of the division going forward is the generation of new sources of profitable business.

FUNDING

The Group continued to be an active issuer in the capital markets during the period. During October 2004, the Group completed a £1.0 billion securitisation by Paragon Mortgages (No. 8) PLC, the largest Paragon transaction to date. The securitisation contained a £270 million cash reserve which was used to fund additional buy-to-let assets in March 2004.

In December 2004 a £300 million securitisation of secured consumer loans was completed by Paragon Secured Funding (No. 1) PLC. The securitisation contained a £59 million cash reserve which was used to fund additional second mortgage assets in April 2005. In May 2005, a £450 million securitisation of secured and unsecured consumer loans was completed by Paragon Personal and Auto Finance (No. 3) PLC.

In April 2005 the Group issued £120 million 7% callable subordinated notes due 2017. This inaugural transaction provides long term capital at attractive pricing and improves the flexibility available to the Group in its capital management.

CAPITAL MANAGEMENT

The Board regularly reviews the appropriate level of capital to support its current loan portfolios and to ensure that its business plans can be met. In this respect, the Board has regard to a number of factors, including the capital needed to support planned business generation over the medium term, the risk characteristics of the portfolio and the capital being returned to the Group as loans on the book mature.

As a result of a similar review in 2002, the Board decided to increase dividends progressively ahead of earnings growth in order to reduce dividend cover over the medium term. Since that time, dividends have increased annually at roughly double the rate of earnings growth.

Whilst our new business generation targets remain stretching, the Group's portfolio continues to generate capital. We have also reduced the portfolio's risk profile by our disciplined restructuring of the portfolio from unsecured towards secured lending, which is less demanding on the Group's capital. Consumer loans, as a proportion of the portfolio, have been reducing year on year from 36% in 2002 to 15% as at 31 March 2005. Within this the unsecured personal loan book has been declining in absolute terms since the product was thdrawn and as loans have redeemed, from f319.9 million at 30 September 2002 to £190.7 million at 31 March 2005, 3% of the total loan book.

Considering all these factors, the Board has identified that there is surplus capital available for distribution to shareholders and has decided that, in addition to increasing the interim dividend by 33.3%, thus accelerating the Group's progress towards the objective of achieving a market level of dividend cover within two years, the Company should also set aside up to £20 million to repurchase shares from the market. This will be completed within the authority granted to the Company by shareholders at the 2005 Annual General Meeting.

The Board will continue to keep under review the appropriate capitalisation of the business.

CONCLUSION

The outlook for landlords remains positive with increased rental demand translating into higher rents and improving yields. Survey evidence and our own experience suggests landlords are continuing to take a long term view of their resperty investments. Whilst trading volumes were subdued throughout the winter onths, redemption rates have fallen leading to continued strong growth in the portfolio. Further, application flows have recovered well since February, a trend which has continued into the second half year leading to strong growth in the pipeline of business awaiting completion. This bodes well for completion volumes in the second half of the year.

The Board remains confident that the Group will meet its business objectives for the year.

Jonathan Perry Chairman 25 May 2005

THE PARAGON GROUP OF COMPANIES PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six months ended 31 March 2005 (Unaudited)

Six months to Six months to Year to 31 March 31 March 30 September 2005 2004 2004 £m

Interest receivable Interest payable and similar	240.9	192.7	412.0
charges	(194.9)	(151.5)	(331.4)
Net interest income	46.0	41.2	80.6
Other operating income	17.0	18.8	40.2
Total operating income	63.0	60.0	120.8
Operating expenses	:		
Other operating expenses Amortisation of negative	(20.6)	(22.7)	(43.9)
goodwill	2.2	2.7	5.2
Total operating expenses	(18.4)	(20.0)	(38.7)
Provisions for losses	(8.5)	(6.9)	(11.1)
Operating profit being profit on ordinary activities before	<u> </u>		
taxation	36.1	33.1	71.0
x charge on profit on ordinary		*	
activities	(7.6)	(7.6)	(16.3)
Profit on ordinary activities			
after taxation	28.5	25.5	54.7
Equity dividend	(6.0)	(4.5)	(11.0)
Retained profit	22.5	21.0	43.7
•	=======	=======	=========
Dividend - Rate per share	5.2p	3.9p	9.6p
Basic earnings per share	24.9p	22.4p	48.0p
Diluted earnings per share	23.9p ,	21.6p	46.2p
•	========	========	========

There have been no recognised gains or losses other than the profit for the periods shown.

The results for the periods shown above relate entirely to continuing operations.

THE	PARAGON	GROUP	of	COMPANIES	PLC
CON	SOLIDATE	D BALA	ICE	SHEET	
31 1	March 20	05 (IIna	andi	(ted)	

ASSETS EMPLOYED Fixed assets	31 March 2005 £m	31 March 2004 £m	30 September 2004 £m
	(11 0)	(16.1)	(14.0)
Intangible assets - negative goodwill	(11.8)	(16.1)	• •
Tangible assets	3.7	3.6	3.4
Investments			
Assets subject to non-recourse			•
finance	1,341.2	1,797.5	1,557.7
Non-recourse finance	(1,297.8)	(1,751.6)	(1,520.3)
	43.4	45.9	37.4
Loans to customers	4,842.5	3,909.2	4,492.5
	4,885.9	3,955.1	4,529.9
			

·	4,877.8	3,942.6	4,519.3
Current assets			
Stocks	3.2	3.4	3.4
Debtors falling due within one year	7.5	10.6	8.8
Cash at bank and investments	452.5	345.9	402.5
	463.2	359.9	414.7
	5,341.0	4,302.5	4,934.0
i	=======	========	=======
FINANCED BY			
Called-up share capital	12.0	12.0	12.0
Share premium account	69.5	68.6	68.8
Merger reserve	(70.2)	(70.2)	(70.2)
Profit and loss account	293.8	247.2	270.1
Share capital and reserves	305.1	257.6	280.7
Own shares	(13.8)	(11.5)	(12.3)
Equity shareholders' funds	291.3	246.1	268.4
ovisions for liabilities and charges Creditors	4.5	5.3.	5.6
Amounts falling due within one year Amounts falling due after more than	77.8	45.9	66.4
one year	4,967.4	4,005.2	4,593.6
	5,341.0	4,302.5	4,934.0
	=========	======	=======

The interim financial information was approved by the Board of Directors on 25 May 2005.

THE PARAGON GROUP OF COMPANIES PLC
CONSOLIDATED CASH FLOW STATEMENT
For the six months to 31 March 2005 (Unaudited)

	Six months to 31 March 2005 £m	Six months to 31 March 2004 £m	Year to 30 September 2004 £m
Net cash inflow from operating			
activities	66.6	55.0	129.3
Taxation	(1.6)	(10.6)	(14.6)
Capital expenditure and financial investment			
Net decrease in assets subject	to		
non-recourse funding	216.5	562.6	800.2
Net increase in loans to			
customers	(377.3)	(881.9)	(1,485.2)
Other	(0.7)	(1.8)	(0.8)
Acquisitions and disposals	2.0	, -	. -
Equity dividends paid	(6.5)	(4.2)	(8.6)
Management of liquid resources	(48.8)	(37.5)	(85.7)
Financing	151.5	331.5	686.5
Increase in cash in the period	1.7	13.1	21.1
	_=======	========	========

1. Reconciliation of operating profit to net cash inflow from operating activities

Six	months to	Six months to	Year to
	31 March	31 March	30 September
	2005	2004	2004
	£m	£m	£m
Operating profit	36.1	33.1	71.0
Provision for losses	8.5	6.9	11.1
Depreciation	0.4	0.7	1.6
Amortisation of broker commissions	17.9	19.1	37.2
Amortisation of negative goodwill	(2.2)	(2.7)	(5.2)
Charge for long term incentive	!		
plan	0.6	0.7	0.9
(Increase) / decrease in stock	(0.1)	0.2	_
Profit on sale of subsidiary	(0.9)	-	_
Decrease / (increase) in debtors	1.2	(1.2)	0.7
Increase / (decrease) in creditors	5.1	(1.8)	12.0
	66.6	55.0	129.3
	=======================================	=======	========

2. Reconciliation of movement in cash with movement in net debt

	Six mon	ths to March 2005 £m	Six months to 31 March 2004 £m	Year to 30 September 2004 £m
Increase in cash in the period Cash inflow from increase in debt Cash movement from change in		1.7 (151.7)	13.1 (330.7)	21.1 (687.2)
liquid resources		48.8	37.5	85.7
Movement in net debt Opening net debt	(5	(101.2) ,710.6)	(280.1) (5,130.2)	(580.4) (5,130.2)
Closing net debt	(5	,811.8)	(5,410.3)	(5,710.6)

THE PARAGON GROUP OF COMPANIES PLC NOTES TO THE INTERIM FINANCIAL INFORMATION For the six months ended 31 March 2005 (Unaudited)

- 1. The interim financial information for the six months ended 31 March 2005 and for the six months ended 31 March 2004 has not been audited.
- 2. The interim financial information has been prepared on the basis of the accounting policies set out in the group accounts for the year ended 30 September 2004.
- An interim dividend of 5.2p per share is proposed, payable on 29 July 2005 with a record date of 1 July 2005.
- The cost:income ratio for the six months ended 31 March 2005 is calculated by dividing operating expenses, excluding the amortisation of negative goodwill (£2.2m - 2004: £2.7m), of £20.6m (2004: £22.7m) by total operating income of £63.0m (2004: £60.0m) to give 32.7% (2004: 37.8%).
- The basic earnings per share figures have been calculated by dividing the profit attributable to shareholders (being the profit on ordinary activities after taxation) by the weighted average number of ordinary shares outstanding during the period. For the six months ended 31 March 2005 the weighted average number of ordinary shares outstanding was

114.2 million (2004: 113.9 million). For the year ended 30 September 2004 the weighted average was 113.9 million.

- The diluted earnings per share figures have been calculated by adjusting the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. For the six months ended 31 March 2005 the adjusted weighted average number of ordinary shares outstanding was 119.0 million (2004: 118.3 million). For the year ended 30 September 2004 the adjusted weighted average was 118.3 million.
- The operating profit for the period excluding goodwill comprises the 7 . operating profit of £36.1m (2004: £33.1m) less the credit for the amortisation of negative goodwill of £2.2m (2004: £2.7m).
- Net loan assets includes Loans to Customers shown on the face of the balance sheet of £4,842.5m (2004: £3,909.2m) and similar assets subject to non-recourse finance arrangements of £1,244.5m (2004: £1,691.2m).
- The figures shown above for the year ended 30 September 2004 are not statutory accounts. A copy of the statutory accounts has been delivered to the Registrar of Companies, contained an unqualified audit report and did not contain an adverse statement under sections 237 (2) or 237 (3) of the Companies Act 1985.
- 10. A copy of the Interim Statement will be posted to shareholders and additional copies can be obtained from The Company Secretary, The Paragon Group of Companies PLC, St. Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.

INDEPENDENT REVIEW REPORT TO THE PARAGON GROUP OF COMPANIES PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 March 2005 which comprises the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 10 together with the reconciliation of operating profit to net cash flow from operating activities and the reconciliation of movement in cash with movement in net debt. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material consistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters which we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

Market News Page 10 of 10.

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2005.

Deloitte & Touche LLP Chartered Accountants Birmingham 25 May 2005

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Holding(s) in Company

Released

15:40 27-May-05

Number

8786M

RNS Number:8786M

Paragon Group Of Companies PLC

27 May 2005

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 13,393,800 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 11.1334% of our sued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Director Shareholding

Released

17:04 27-May-05

Number

8902M

RNS Number:8902M

Paragon Group Of Companies PLC

27 May 2005

SHARE PURCHASE

The Paragon Employee Share Ownership Trust ("ESOT") purchased 145,290 ordinary shares of 10p each in The Paragon Group of Companies PLC (the "Company") on the tes and at the prices given below.

Date

Shares Purchased

Price

26 May 2005

99,948

409.5059p

27 May 2005

45,342

404.9984p

These shares were purchased to meet options and awards as they mature and are exercised under the Paragon Executive Share Option Scheme and Performance Share Plan which include the potential exercise by certain executive directors and other employees of the Company.

Following this purchase the total held by the ESOT is 6,149,842

Enquiries:

John Gemmell, Company Secretary 0121 7122075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Director Shareholding

Released

16:56 01-Jun-05

Number

0243N

RNS Number: 0243N

Paragon Group Of Companies PLC

01 June 2005

SHARE PURCHASE

On 31 May 2005 the Paragon Employee Share Ownership Trust ("ESOT") purchased 90,426 ordinary shares of 10p each in The Paragon Group of Companies PLC (the "Company") at 407.25p per share.

These shares were purchased to meet options and awards as they mature and are exercised under the Paragon Executive Share Option Scheme and Performance Share Plan which include the potential exercise by certain executive directors and other employees of the Company.

Following this purchase the total held by the ESOT is 6,240,268.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC TIDM

Headline

Director Shareholding

Released

14:40 02-Jun-05

Number

0763N

RNS Number: 0763N

Paragon Group Of Companies PLC

02 June 2005

DIRECTOR SHAREHOLDING

On 2 June 2005 The Paragon Group of Companies PLC granted the following awards under the Paragon Performance Share Plan ("PPSP"):

Director	Award granted	Exercise period	Total award
N S Terrington	47,034	02/06/08 - 02/12/08	359,704
N Keen	35,276	02/06/08 - 02/12/08	266,347
J A Herón	18,937	02/06/08 - 02/12/08	137,364
P Pandya	18,937	02/06/08 - 02/12/08	139,557

Under the terms of the PPSP these awards will become exercisable provided the Company's total shareholder return over the three year period commencing 1 April 2005 is at or above the median TSR for a comparator group of companies making up the FTSE All Share Banks and Speciality and Other Finance Sector. The extent to which the shares can be exercised will be dependent upon where the company is ranked, with 25% being exercisable for median performance, rising to 100% for performance on or above the upper quartile.

Fnquiries:

John G Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Director Shareholding

Released

14:43 02-Jun-05

Number

0768N

RNS Number:0768N

Paragon Group Of Companies PLC

02 June 2005

SHARE PURCHASE

On 2 June 2005 the Paragon Employee Share Ownership Trust ("ESOT") purchased ,284 ordinary shares of 10p each in The Paragon Group of Companies PLC (the "Company") at 409.9978p per share.

These shares were purchased to meet options and awards as they mature and are exercised under the Paragon Executive Share Option Scheme and Performance Share Plan which include the potential exercise by certain executive directors and other employees of the Company.

Following this purchase the total held by the ESOT is 6,304,552.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

TIDM

Headline

Purchase of Own Shares

Released

16:45 03-Jun-05

Number

1391N

RNS Number: 1391N

Paragon Group Of Companies PLC

03 June 2005

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via UBS Investment Bank.

Ordinary shares:

Date of purchase:

3 June 2005

Number of ordinary shares purchased:

100,000

Highest price paid per share:

410p

Lowest price paid per share:

410p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 100,000 of its ordinary shares in treasury and has 120,201,843 ordinary shares issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Purchase of Own Shares

Released

16:45 06-Jun-05

Number

1832N

RNS Number: 1832N

Paragon Group Of Companies PLC

06 June 2005

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OFFICE OF INTERNATIONAL CORPORATE FINANCE

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following . mber of its ordinary shares of 10p each on the London Stock Exchange via UBS Investment Bank.

Ordinary shares:

Date of purchase:

6 June 2005

Number of ordinary shares purchased:

100,000

Highest price paid per share:

408p

Lowest price paid per share:

408p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 200,000 of its ordinary shares in treasury and has 120,101,843 ordinary shares in issue (excluding treasury shares).

__quiries:

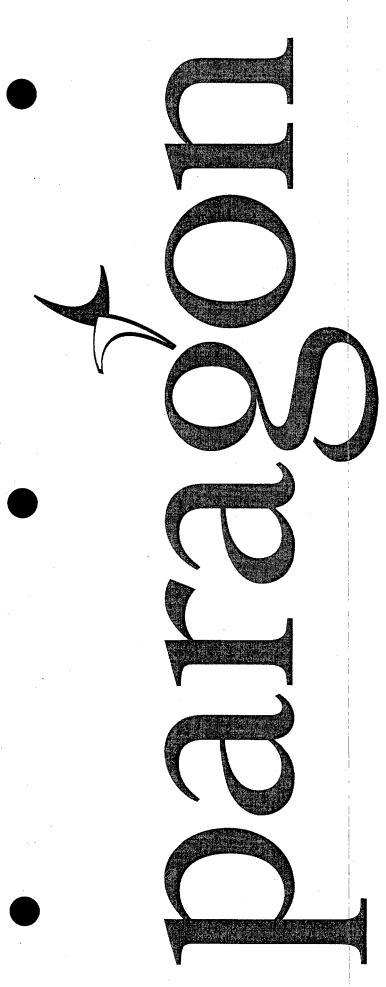
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Interim Report

Six months ended 31 March 2005

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CHAIRMAN'S STATEMENT

During the six months ended 31 March 2005, the Group enjoyed further strong profit growth, driven by continued growth in the loan portfolio, despite slower new lending activity in the period compared with the first half of 2004.

During the period, profit before tax increased by 9.1% to £36.1 million (2004 H1: £33.1 million) and earnings per share increased by 11.2% to 24.9p (2004 H1: 22.4p). Excluding the credit to the profit and loss account for goodwill, operating profit increased by 11.5% to £33.9 million (2004 H1: £30.4 million) (note 7).

At 31 March 2005, net loan assets were £6,087.0 million [note 8], compared with £5,600.4 million at 31 March 2004. This reflected loan redemptions significantly below the level of new advances, with strong growth in the buy-to-let portfolios more than compensating for the run-off of the owner-occupied first mortgage and unsecured consumer books. Total advances, at £817.9 million, were 20.2% lower than in the previous period [2004 H1: £1,025.4 million]. Of these, 93.3% were secured on residential property [2004 H1: 92.0%].

The Board has declared an interim dividend of 5.2p per share, payable on 29 July 2005 to shareholders on the register on 1 July 2005, an increase of 33.3% from last year's interim dividend of 3.9p per share, thus accelerating our progress towards the achievement of a market level of dividend cover.

Net interest income increased by 11.7% to £46.0 million from £41.2 million for the corresponding period last year, reflecting the growth in the loan book, and also the lower cost of sales, principally commissions paid to business introducers. This compensated for the decrease in other operating income to £17.0 million (2004 H1: £18.8 million), similarly reflecting the impact of reduced activity on fees and commissions earned. The average net interest margin on the loan book was similar to 2004.

Operating expenses, excluding the £2.2 million credit for amortisation of negative goodwill, were £20.6 million, a reduction of 9.3% from £22.7 million for the corresponding period in 2004. The cost:income ratio, at 32.7%, decreased from 37.8% for the first half of 2004 [note 4] following completion of the integration of Mortgage Trust within the Group's operational structure last year and general improvements in operating efficiencies around the Group.

The Group has continued to implement its strategy of reducing exposure to unsecured consumer lending, focusing on growing its secured lending, principally of high quality buy-to-let assets. The number of accounts in arrears across the portfolios was lower as at 31 March 2005 than a year previously, both numerically and as a percentage of live accounts. The mortgage books performed well over the period and the performance of the buy-to-let book remains exemplary. However, as reported in our recent trading statement, the burden of increased interest rates, together with the normal seasonal expenditures, caused some deterioration in payment performance in the consumer portfolios, resulting in an increase in the charge for provisions for losses to £8.5 million for the period (2004) H1: £6.9 million).

After providing for corporation tax at a charge rate of 21%, which we anticipate will apply for the year, and providing for the proposed interim dividend, retained profits of £22.5 million have been transferred to shareholders' funds which were £291.3 million at 31 March 2005 [2004 H1: £246.1 million].

Review of Operations

FIRST MORTGAGES

Our strategy has been to grow the high quality buy-to-let first mortgage assets whilst running off the owneroccupied loans, the majority of which were originated by Mortgage Trust prior to acquisition. Total first mortgage completions were £637.2 million for the six months to 31 March 2005, compared with £797.7 million advanced in the corresponding period of 2004. At 31 March 2005, the Paragon Mortgages and Mortgage Trust buy-to-let portfolios had increased by 24.8% to E4,398.6 million from £3,524.6 million at 31 March 2004 whilst total first mortgage assets, including the owner-occupied loans, were £5,178.2 million, an increase of 11.1% from £4,662.1 million at 31 March 2004. The owner-occupied portfolio declined, as expected, by 31.5% between 31 March 2004 and 31 March 2005 from £1,137.5 million to £779.6 million.

The Paragon Mortgages loan book increased by 27.4% to £2,908.5 million at 31 March 2005 (2004 H1: £2,283.3 million), while Mortgage Trust had loans under management of £2,142.3 million [2004 H1: £2,223.5 million] of which buy-to-let loans totalled £1,519.9 million (2004 H1: £1,287.1 million), an increase of 18.1%. New lending by Paragon Mortgages was £464.8 million [2004 H1: £522.4 million] whilst Mortgage Trust advanced new loans of £172.4 million [2004 H1: £275.3 million].

Housing market activity has slowed since the summer of 2004 following a very busy period for the market in the wake of the war in Iraq and as a consequence of increased interest rates. The rate of house price growth has also slowed in recent months, with the evidence so far this year suggesting that the market is heading for a soft landing.

Uncertainty elsewhere in the housing market has, however, had positive effects on the buy-to-let market. Market data, and our own survey evidence, indicate that tenant demand has been on the increase in most regions and for most types of property. This has created upward pressure on rents which in turn has resulted in an increase in yields for landlords. At the same time there is less competition for property as it comes onto the market which has meant that landlords have been able to secure good deals on new acquisitions, thus again impacting positively on yields.

Survey evidence continues to suggest that landlords are taking a long-term view of their investments, rather than seeking to crystallise speculative gains. In our own buy-to-let portfolio, we have seen little evidence of landlords selling properties, indeed, compared to the previous year, redemption rates have fallen.

Application levels across our buy-to-let businesses were weaker towards the end of 2004 and during the early part of 2005, partly the result of general housing market uncertainties and partly due to the disruptive impact of the introduction of mortgage regulation. Since then, trading activity has been strong both at Paragon Mortgages and at Mortgage Trust, with the result that the new business pipelines have rebuilt strongly since February. This bodes well for lending volumes in the second half of the year.

Looking further ahead, the prospects for the buy-to-let market remain strong and demand for private rented property is expected to increase, the eligibility of residential property for Self-Invested Personal Pensions ("SIPPs") from 2006 may also have a positive effect on demand. In anticipation, we have recently announced a joint venture with James Hay, the UK's leading provider of

SIPPs to provide, jointly, a range of products to support buy-to-let investors who wish to place residential property investments into their SIPP.

The credit profile of our buy-to-let portfolio remains exceptionally high, evidenced by the continuing low arrears rate compared to the mortgage market as a whole and negligible losses.

CONSUMER FINANCE

The consumer finance market has been more challenging in the six months to 31 March 2005 than in the corresponding period last year. Rising interest rates and a weaker housing market have resulted in an adjustment to borrower behaviour, with a consequential reduction in consumer finance business volumes. The Group has maintained its tight credit stance in the face of strong competitive pressure. This resulted in a 3.1% reduction in the Consumer Finance book which, at 31 March 2005, stood at £908.8 million, compared with £938.3 million at 31 March 2004.

Personal Finance

Revisions to the Consumer Credit Act and the introduction of regulation over insurance business have had an adverse effect on volumes as introducers have struggled to adapt systems and working practices to ensure compliance. These disruptive effects appear now to be receding, although higher interest rates have had an impact on the appetite of consumers for further borrowing. This is unlikely to change over the remainder of the year. We continue to be cautious in our lending approach and have tightened criteria in anticipation of

the changing economic environment. Accordingly secured personal finance advances were £125.4 million in the period [2004 H1: £146.0 million]. These advances were secured on UK residential property.

We continue to manage the run-off of the unsecured personal loan portfolio. Net balances were £190.7 million at 31 March 2005 compared to £226.8 million at 31 March 2004. The impact of interest rates and pressures on personal cash flow over the Christmas period led to a deterioration in payment performance for some customers in arrears, although we saw a recovery during March and April as borrowers caught up on their missed payments.

Sales Aid Finance

In line with our strategy outlined in the year end results, we have continued to focus upon profitability in the car and retail finance sectors as opposed to volume. New loan advances by the division were £55.2 million, compared with £81.7 million for the corresponding period last year.

The profitability of both businesses within Sales Aid Finance has improved during the half year along with the profile and quality of the business received due to the removal of unprofitable relationships and the tightening of credit standards. The principal focus of the division going forward is the generation of new sources of profitable business.

FUNDING

The Group continued to be an active issuer in the capital markets during the period. During October 2004, the Group completed a £1.0 billion securitisation by Paragon Mortgages (No. 8) PLC, the largest Paragon transaction to date. The securitisation contained a £270 million cash reserve which was used to fund additional buy-to-et assets in March 2005.

In December 2004 a £300 million securitisation of secured consumer loans was completed by Paragon Secured Finance (No. 1) PLC. The securitisation contained a £59 million cash reserve which was used to fund additional second mortgage assets in April 2005. In May 2005, a £450 million securitisation of secured and unsecured consumer loans was completed by Paragon Personal and Auto Finance (No. 3) PLC.

In April 2005 the Group issued £120 million 7% callable subordinated notes due 2017. This inaugural transaction provides long term capital at attractive pricing and improves the flexibility available to the Group in its capital management.

CAPITAL MANAGEMENT

The Board regularly reviews the appropriate level of capital to support its current loan portfolios and to ensure that its business plans can be met. In this respect, the Board has regard to a number of factors, including the capital needed to support planned business generation over the medium term, the risk characteristics of the portfolio and the capital being returned to the Group as loans on the book mature.

As a result of a similar review in 2002, the Board decided to increase dividends progressively ahead of earnings growth in order to reduce dividend cover over the medium term. Since that time, dividends have increased annually at roughly double the rate of earnings growth.

Whilst our new business generation targets remain stretching, the Group's portfolio continues to generate capital. We have also reduced the portfolio's risk profile by our disciplined restructuring of the portfolio from unsecured towards secured lending, which is less demanding on the Group's capital. Consumer toans, as a proportion of the portfolio, have been reducing year on year from 36% in 2002 to 15% as at 31 March 2005. Within this the unsecured personal loan book has been declining in absolute terms since the product was withdrawn and as loans have redeemed, from £319.9 million at 30 September 2002 to £190.7 million at 31 March 2005, 3% of the total loan book.

Considering all these factors, the Board has identified that there is surplus capital available for distribution to shareholders and has decided that, in addition to increasing the interim dividend by 33.3%, thus accelerating the Group's progress towards the objective of achieving a market level of dividend cover within two years, the Company should also set aside up to £20 million to repurchase shares from the market. This will be completed within the authority granted to the Company by shareholders at the 2005 Annual General Meeting.

The Board will continue to keep under review the appropriate capitalisation of the business.

CONCLUSION

The outlook for landlords remains positive with increased rental demand translating into higher rents and improving yields. Survey evidence and our own experience suggests landlords are continuing to take a long-term view of their property investments. Whilst trading volumes were subdued throughout the winter months, redemption rates have fallen leading to continued strong growth in the portfolio. Further, application flows have recovered well since February a trend which has continued into the second half year leading to strong growth in the pipeline of business awaiting completion. This bodes well for completion volumes in the second half of the year.

The Board remains confident that the Group will meet its business objectives for the year.

Jonathan Perry Chairman

25 May 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 31 MARCH 2005 (UNAUDITED)

	Six months to 31 March 2005 £m	Six months to 31 March 2004 £m	Year to 30 September 2004 £m
Interest receivable	240.9	192.7	412.0
Interest payable and similar charges	[194.9]	(151.5)	(331.4)
Net interest income	46.0	41.2	80.6
Other operating income	17.0	18.8	40.2
Total operating income	63.0	60.0	120.8
Operating expenses			1
Other operating expenses	(20,6)	(22.7)	[43.9]
Amortisation of negative goodwill	2.2	2.7	5.2
Total operating expenses	1. 10 m m m m (4.8.4) (1.10)	[20.0]	[38.7]
Provisions for losses	1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	[6.9]	(11.1)
Operating profit being profit on	Professional Profession		· • •
ordinary activities before taxation	36.1	33.1	71.0
Tax charge on profit on ordinary activities	1.61 (7.61)	(7.6)	(16.3)
Profit on ordinary activities after taxation	28.5	25.5	54.7
Equity dividend	(6.0)	[4.5]	(11.0)
Retained profit	. 22.5	21.0	43.7
Dividend - Rate per share	i w washin 125 5.2p	3.9p	9.6p
Basic earnings per share	24.9p	22.4p	48.0p
Diluted earnings per share	23.9p	21.6p	46.2p
	with a section and the latest and the section and		

There have been no recognised gains or losses other than the profit for the periods shown.

The results for the periods shown above relate entirely to continuing operations.

CONSOLIDATED BALANCE SHEET

31 MARCH 2005 (UNAUDITED)

	31 March 2005 Em	31 March 2004 Em	30 September 2004 £m
ASSETS EMPLOYED			
Fixed assets			
Intangible assets - negative goodwill	[11.8]	(16.1)	[14.0]
Tangible assets	3.7.1	3.6	3.4
Investments Assets subject to non-recourse finance	1,341.2	1,797.5	1,557.7
Non-recourse finance	(1,297.8)	(1,751.6)	[1,520.3]
Non-recourse mance	6,27,4,01	(1,751.0)	(1,520.5)
	43.4	45.9	37.4
Loans to customers	4,842.5	3,909.2	4,492.5
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
•	4,885.9	3,955.1	4,529.9
	of the Markey and and	•	
			14 from 1 days 1 common and 1 c
	4,877.8	3,942.6	4,519.3
Current assets			
Stocks	3.2 7.5	3.4	3.4
Debtors falling due within one year		10.6	8.8
Cash at bank and investments	452.5	345.9	402.5
	463.2	359.9	414.7
	5,341.0	4,302.5	4,934.0
FINANCED BY			
Called-up share capital	12.0	12.0	12.0
hare premium account	69.5	68.6	8.83
Merger reserve	(70.2)	(70.2)	[70.2]
rofit and loss account	293.8	247.2	270.1
Share capital and reserves	305:1	257.6	280.7
Own shares	(13.8)	(11.5)	[12.3]
Equity shareholders' funds	291.3	246.1	268.4
Provisions for liabilities and charges	4.5	5.3	5.6
Creditors			# - 1
Amounts falling due within one year	77.8	45.9	66.4
Amounts falling due after more than one year	4,967:4	4,005.2	4,593.6
•	5,341.0	4,302.5	4,934.0
			<i>y</i>

The interim financial information was approved by the Board of Directors on 25 May 2005.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS TO 31 MARCH 2005 (UNAUDITED)

	Six months to 31 March 2005 £m	Six months to 31 March 2004 £m	Year to 30 September 2004 £m
Net cash inflow from operating activities	66.6	55.0	129.3
Taxation	1.6)	[10.6]	(14.6)
Capital expenditure and financial investment			
Net decrease in assets subject to non-recourse funding		562.6	800.2
Net increase in loans to customers	(377.3)	[881.9]	[1,485.2]
Other	$\frac{1}{2}$	(1.8)	(0.8)
Acquisitions and disposals	2.0	-	- (0.4)
Equity dividends paid	(6.5)	(4.2)	(8.6)
Management of liquid resources	[48.8]	(37.5)	(85.7)
Financing	151.5	331.5	686.5
Increase in cash in the period	11 (1 (1 (1 (1 (1 (1 (1 (1 (1 (1 (1 (1 (13.1	21.1
			<u> </u>
Reconciliation of operating profit to net cash	Six months to	Six months to	Year to
inflow from operating activities	31 March 2005		30 September 2004
	£m	£m	£m
Operating profit	36.1	33.1	71.0
Provision for losses	8.5	6.9	11.1
Depreciation	0,4	0.7	1.6
Amortisation of broker commissions	17.9	19.1	37.2
Amortisation of negative goodwill	[2.2]	(2.7)	(5.2)
Charge for long term incentive plan	0.6	0.7	0.9
(Increase) / decrease in stock	[0.1]	0.2	_
Profit on sale of subsidiary	(0.9)	-	-
Decrease / (increase) in debtors	1.2	[1.2]	0.7
Increase / (decrease) in creditors	(7.15 Hollands), 5.1	(1.8)	12.0
	66.6	55.0	129.3
	ara <u>dhasan 198</u> 19 Para kalingan aradaga		!
2. Reconciliation of movement in cash	Six months to	Six months to	Year to
with movement in net debt	31 March 2005	31 March 2004	30 September 2004
*	£m-	£m	£m
Increase in cash in the period	1.7	13.1	21.1
Cash inflow from increase in debt	(151.7)	(330.7)	(687.2)
Cash movement from change in liquid resources	48!8	37.5	85.7
Movement in net debt	(101.2)	[280.1]	[580.4]
Opening net debt	(5,710.6)	(5,130.2)	(5,130.2)
	The state of the s		
Closing net debt	[5,811.8]	(5,410.3)	[5,710.6]

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2005 (UNAUDITED)

- The interim financial information for the six months ended 31 March 2005 and for the six months ended 31 March 2004 has not been audited.
- 2. The interim financial information has been prepared on the basis of the accounting policies set out in the group accounts for the year ended 30 September 2004.
- 3. An interim dividend of 5.2p per share is proposed, payable on 29 July 2005 with a record date of 1 July 2005.
- 4. The cost:income ratio for the six months ended 31 March 2005 is calculated by dividing operating expenses, excluding the amortisation of negative goodwill [£2.2m 2004: £2.7m], of £20.6m [2004: £22.7m] by total operating income of £63.0m [2004: £60.0m] to give 32.7% [2004: 37.8%].
- 5. The basic earnings per share figures have been calculated by dividing the profit attributable to shareholders (being the profit on ordinary activities after taxation) by the weighted average number of ordinary shares outstanding during the period. For the six months ended 31 March 2005 the weighted average number of ordinary shares outstanding was 114.2 million (2004: 113.9 million). For the year ended 30 September 2004 the weighted average was 113.9 million.
- 6. The diluted earnings per share figures have been calculated by adjusting the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. For the six months ended 31 March 2005 the adjusted weighted average number of ordinary shares outstanding was 119.0 million (2004: 118.3 million). For the year ended 30 September 2004 the adjusted weighted average was 118.3 million.

- 7. The operating profit for the period excluding goodwill comprises the operating profit of £36.1m [2004: £33.1m] less the credit for the amortisation of negative goodwill of £2.2m [2004: £2.7m].
- 8. Net loan assets includes Loans to Customers shown on the face of the balance sheet of £4,842.5m [2004: £3,909.2m] and similar assets subject to non-recourse finance arrangements of £1,244.5m [2004: £1,691.2m].
- 9. The figures shown above for the year ended 30 September 2004 are not statutory accounts. A copy of the statutory accounts has been delivered to the Registrar of Companies, contained an unqualified audit report and did not contain an adverse statement under sections 237 [2] or 237 [3] of the Companies Act 1985.
- 10. A copy of the Interim Statement will be posted to shareholders and additional copies can be obtained from The Company Secretary, The Paragon Group of Companies PLC, St. Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.

INDEPENDENT REVIEW REPORT

TO THE PARAGON GROUP OF COMPANIES PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 March 2005 which comprises the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 10 together with the reconciliation of operating profit to net cash flow from operating activities and the reconciliation of movement in cash with movement in net debt. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters which we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2005.

Deloitte & Touche LLP Chartered Accountants Birmingham

25 May 2005

paragon

The Paragon Group of Companies PLC

Registered Office: St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE

Telephone: 0121 712 2323 Fax: 0121 711 1330

Regulatory Announcement

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OFFICE OF INTERNATIONAL CORPORATE FINALICE

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Director Shareholding-Replace

Released

18:33 22-Jun-05

Number

9310N

RNS Number:9310N

Paragon Group Of Companies PLC

22 June 2005

The following amendment has been made to the 'Director Shareholding' announcement released today at 16.45 under RNS No 9170N.

The price paid for exercise of options was not included.

 $\stackrel{\cdot}{\cdot}$ $\stackrel{\cdot}{\wedge}$ other details remain unchanged.

The full amended text is shown below.

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1. Name of company

THE PARAGON GROUP OF COMPANIES PLC

2. Name of director

CHOLAS KEEN

3. Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of a non-beneficial interest

DIRECTOR PERSONALLY

4. Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them (if notified)

NICHOLAS KEEN

5. Please state whether notification relates to a person(s) connected with the director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

6. Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS AND SALE OF SHARES

- 7. Number of shares / amount of stock acquired
- 490,000
- 8. Percentage of issued class
- 0.4%
- 9. Number of shares/amount of stock disposed
- 490,000
- J. Percentage of issued class
- 0.4%
- 11. Class of security

ORDINARY SHARES OF 10P

12. Price per share

SEE BELOW

- 13. Date of transaction
- 22 JUNE 2005
- 22 JUNE 2005
- 15. Total holding following this notification
- 44,116
- 16. Total percentage holding of issued class following this notification
- 0.036%
- If a director has been granted options by the company please complete the following boxes.
- 17. Date of grant
- 18. Period during which or date on which exercisable

- 19. Total amount paid (if any) for grant of the option
- 20. Description of shares or debentures involved: class, number
- 21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- 22. Total number of shares or debentures over which options held following this notification
- 23. Any additional information
- 24. Name of contact and telephone number for queries

MR JOHN G. GEMMELL 0121 712 2075

25. Name and signature of authorised company official responsible for making this notification

Pate of Notification

22 JUNE 2005

Nicholas Keen

Option exercise 22.6.05

Purchases:

240,000 shares @ £2.18 per share 250,000 shares @ £2.48 per share

490,000

Sold at £4.36 per share

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The company news service from the London Stock Exchange

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Paragon Group Of Companies PLC

Company

TIDM

OFFICE OF INTERMATIONS
CORPORATE FINANCIA

Headline Released Director Shareholding 14:23 24-Jun-05

Number

03130

RNS Number: 03130

Paragon Group Of Companies PLC

24 June 2005

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

Name of company

THE PARAGON GROUP OF COMPANIES PLC

2. Name of director

NIGEL TERRINGTON

- 3. Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of a non-beneficial interest
- 4. Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them (if notified)
- 5. Please state whether notification relates to a person(s) connected with the rector named in 2 above and identify the connected person(s)
- 6. Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary
- 7. Number of shares / amount of stock acquired
- 8. Percentage of issued class
- 9. Number of shares/amount of stock disposed
- 10. Percentage of issued class
- 11. Class of security
- 12. Price per share
- 13. Date of transaction
- 14. Date company informed
- 15. Total holding following this notification

- 16. Total percentage holding of issued class following this notification
- If a director has been granted options by the company please complete the following boxes.
- 17. Date of grant
- 23 JUNE 2005
- 18. Period during which or date on which exercisable
- 01/08/2010 01/02/2011
- 19. Total amount paid (if any) for grant of the option

NIL

- Description of shares or debentures involved: class, number
- 5,057 ORDINARY SHARES OF 10P
- 21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- £3.2676
- 22. Total number of shares or debentures over which options held following this notification
- 1,632,975
- 23. Any additional information

GRANT UNDER THE PARAGON 1999 SHARESAVE SCHEME

Name of contact and telephone number for queries

JOHN G. GEMMELL 0121 712 2075

25. Name and signature of authorised company official responsible for making this notification

JOHN G. GEMMELL

Date of Notification

24 JUNE 2005

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Transaction in Own Shares

Released

17:41 29-Jun-05

Number

24620

RNS Number: 24620

Paragon Group Of Companies PLC

29 June 2005

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following rumber of its ordinary shares of 10p each on the London Stock Exchange via UBS vestment Bank.

Ordinary shares:

Date of purchase:

29 June 2005

Number of ordinary shares purchased:

35,778

Highest price paid per share:

426.5p

Lowest price paid per share:

426p

Volume weighted average price per share:

426.2931p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 35,778 of its ordinary shares in treasury and has 120,306,065 ordinary shares issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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13/01/2006

Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Purchase of Own Shares

Released

17:19 30-Jun-05

Number

31650

RNS Number:31650

Paragon Group Of Companies PLC

30 June 2005

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29 JUL 10 P 1: 17

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FRICE OF INTERNATIONAL CORPORATE FINANCE

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via UBS Investment Bank.

Ordinary shares:

Date of purchase:

30 June 2005

Number of ordinary shares purchased:

4,331

Highest price paid per share:

426p

Lowest price paid per share:

426p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds ^40,109 of its ordinary shares in treasury and has 120,301,734 ordinary shares ____ issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Paragon Group Of Companies PLC

Company TIDM Headline

PAG

Purchase of Own Shares

Released

16:58 01-Jul-05

Number

39490

RNS Number:39490

Paragon Group Of Companies PLC

01 July 2005

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via UBS Investment Bank.

Ordinary shares:

Date of purchase:

1 July 2005

Number of ordinary shares purchased:

109,891

Highest price paid per share:

429.5p

Lowest price paid per share:

428p

Volume weighted average price per share: |

429.2476p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

. Illowing the purchase of these shares, The Paragon Group of Companies PLC holds 350,000 of its ordinary shares in treasury and has 120,191,843 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Purchase of Own Shares

Released

17:03 04-Jul-05

Number

46430

RNS Number: 46430

Paragon Group Of Companies PLC

04 July 2005

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via UBS Investment Bank.

Ordinary shares:

Date of purchase:

4 July 2005

Number of ordinary shares purchased:

50,000

Highest price paid per share:

433p

Lowest price paid per share:

428.25p

Volume weighted average price per share: 430.112p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

. llowing the purchase of these shares, The Paragon Group of Companies PLC holds 400,000 of its ordinary shares in treasury and has 120,141,843 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

TIDM Headline

Holding(s) in Company

Paragon Group Of Companies PLC

Released

14:37 28-Jul-05

Number

4373P

RNS Number: 4373P

Paragon Group Of Companies PLC

28 July 2005

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through rarious legal entities, they now hold 14,436,624 ordinary shares of 10p each in e Paragon Group of Companies PLC. The holding represents 12.0163% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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OFFICE OF INTERNATIONAL CORPORATE FIREMES

Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Director Shareholding

Released

15:48 15-Aug-05

Number

1141Q

RNS Number: 1141Q

Paragon Group Of Companies PLC

15 August 2005

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

Name of company

THE PARAGON GROUP OF COMPANIES PLC

2. Name of director

NIGEL TERRINGTON

3. Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of a non-beneficial interest

DIRECTOR PERSONALLY

4. Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them (if notified)

NIGEL TERRINGTON

Please state whether notification relates to a person(s) connected with the director named in 2 above and identify the connected person(s)

DIRECTOR PERSONALLY

6. Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

EXERCISE OF SHARE OPTIONS

- 7. Number of shares / amount of stock acquired
- 13,987
- 8. Percentage of issued class
- 0.012%
- 9. Number of shares/amount of stock disposed
- 10. Percentage of issued class

11. Class of security

ORDINARY SHARES OF 10P

- 12. Price per share
- £1.2064
- 13. Date of transaction
- 15 AUGUST 2005
- 14. Date company informed
- 15 AUGUST 2005
- 15. Total holding following this notification
- 113,205
- 16. Total percentage holding of issued class following this notification

.094%

- If a director has been granted options by the company please complete the following boxes.
- 17. Date of grant
- 18. Period during which or date on which exercisable
- 19. Total amount paid (if any) for grant of the option
- 20. Description of shares or debentures involved: class, number
- 21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
- 22. Total number of shares or debentures over which options held following this notification
- 3. Any additional information

EXERCISE UNDER THE PARAGON 1999 SHARESAVE SCHEME

24. Name of contact and telephone number for queries

JOHN G. GEMMELL 0121 712 2075

25. Name and signature of authorised company official responsible for making this notification

JOHN G. GEMMELL

Date of Notification

15 AUGUST 2005

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Purchase of Own Shares

Released

16:57 19-Aug-05

Number

3194Q

RNS Number: 3194Q

Paragon Group Of Companies PLC

19 August 2005

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following rumber of its ordinary shares of 10p each on the London Stock Exchange via ABN RO Bank N.V.

Ordinary shares:

Date of purchase:

19 August 2005

Number of ordinary shares purchased:

100,000

Highest price paid per share:

480p

Lowest price paid per share:

480p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 500,000 of its ordinary shares in treasury and has 120,259,545 ordinary shares in issue (excluding treasury shares).

"quiries:

John Gemmell, Company Secretary 0121 712 2075

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2006 JUL 10 P 1: 17

CIFICE OF INTERHATIONAL CORPORATE FINANCE

Paragon Group Of Companies PLC

Company TIDM Headline

Purchase of Own Shares

Released

17:04 22-Aug-05

Number

3668Q

RNS Number: 3668Q

Paragon Group Of Companies PLC

22 August 2005

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following rumber of its ordinary shares of 10p each on the London Stock Exchange via UBS vestment Bank.

Ordinary shares:

Date of purchase:

22 August 2005

Number of ordinary shares purchased:

110,209

Highest price paid per share:

488.75p

Lowest price paid per share:

482p

Volume weighted average price per share: 483.4242p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 610,209 of its ordinary shares in treasury and has 120,149,336 ordinary shares issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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788 JUL 10 P 1:17

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Company

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MDIT

Headline

Purchase of Own Shares

Paragon Group Of Companies PLC

Released

17:00 24-Aug-05

Number

4611Q

RNS Number: 4611Q

Paragon Group Of Companies PLC

24 August 2005

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following rumber of its ordinary shares of 10p each on the London Stock Exchange via ABN RO Bank N.V.

Ordinary shares:

Date of purchase:

24 August 2005

Number of ordinary shares purchased:

100,000

Highest price paid per share:

480p

Lowest price paid per share:

480p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 710,209 of its ordinary shares in treasury and has 120,052,133 ordinary shares in issue (excluding treasury shares).

Taguiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Purchase of Own Shares

Released

16:51 25-Aug-05

Number

RNS Number: 5078Q

Paragon Group Of Companies PLC

25 August 2005

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via UBS vestment Bank.

Ordinary shares:

Date of purchase:

25 August 2005

Number of ordinary shares purchased:

89,791

Highest price paid per share:

480p

Lowest price paid per share:

479p

Volume weighted average price per share: 479.7566p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 800,000 of its ordinary shares in treasury and has 119,962,342 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Paragon Group Of Companies PLC

TIDM

Headline

Company

Purchase of Own Shares

Released

17:14 31-Aug-05

Number

6813Q

RNS Number: 6813Q

Paragon Group Of Companies PLC

31 August 2005

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following rumber of its ordinary shares of 10p each on the London Stock Exchange via ABN RO Bank N.V.

Ordinary shares:

Date of purchase:

31 August 2005

Number of ordinary shares purchased: 600,000

Highest price paid per share:

478p

Lowest price paid per share:

478p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 1,400,000 of its ordinary shares in treasury and has 119,362,342 ordinary shares in issue (excluding treasury shares).

p-quiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

Go to market news section

Company

Paragon Group Of Companies PLC

TIDM

Headline

Holding(s) in Company

Released

14:43 02-Sep-05

Number

7743Q

RNS Number: 7743Q

Paragon Group Of Companies PLC

02 September 2005

RECEIAED

7005 JUL 10 P 1: 17

📤 Free annual report



CFFICE OF INTERNATIONS CORPORATE FINANCE

HOLDING IN COMPANY

We have today received notification from M&G Investment Management Limited to advise that Prudential plc and certain of its subsidiary companies now hold 048,560 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 5.07% of the issued capital of The Paragon Group of Companies PLC.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Re julatory Announcement

Go to market news section

Paragon Group Of Companies PLC

Company TIDM

Headline Transaction in Own Shares

17:20 07-Sep-05

Released Number

9821Q

RNS Number:9821Q

Paragon Group Of Companies PLC

07 September 2005

RECEIVED

2005 JUL 10 P 1:17

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OFFICE OF INTER!

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following mber of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

07 September 2005

Number of ordinary shares purchased;

390,000

Highest price paid per share:

470p

Lowest price paid per share:

470p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 790,000 of its ordinary shares in treasury and has 118,972,342 ordinary shares issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=106435... 13/01/2006

restictions on use and distribution apply.

Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Blocklisting Interim Review

Released

15:02 12-Sep-05

Number

1508R

RNS Number: 1508R

Paragon Group Of Companies PLC

12 September 2005

BLOCKLISTING SIX MONTHLY REVIEW

1. NAME OF COMPANY:

THE PARAGON GROUP OF COMPANIES PLC

2. NAME OF SCHEME:

THE PARAGON 2000 EXECUTIVE SHARE OPTION SCHEME

3. PERIOD OF RETURN:

FROM: 12/03/05 TO: 11/09/05

4. NUMBER AND CLASS OF SHARE(S) (AMOUNT OF STOCK/DEBT SECURITY) NOT ISSUED UNDER SCHEME AT END OF THE LAST PERIOD:

305,000

5. NUMBER OF SHARES ISSUED/ALLOTTED UNDER SCHEME DURING PERIOD:

0

6. BALANCE UNDER SCHEME NOT YET ISSUED/ALLOTTED AT END OF PERIOD:

305,000

7. NUMBER AND CLASS OF SHARE(S) (AMOUNT OF STOCK/DEBT SECURITIES) ORIGINALLY LISTED AND THE DATE OF ADMISSION:

ORDINARY SHARES OF 10P EACH

PLEASE CONFIRM TOTAL NUMBER OF SHARES IN ISSUE AT THE END OF THE PERIOD IN ORDER FOR US TO UPDATE OUR RECORDS.

120,762,342 GROSS

118,972,342 NET OF SHARES HELD IN TREASURY

CONTACT FOR QUERIES

Market News

Page 2 of 2

NAME:

MR JOHN GEMMELL

TELEPHONE:

0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Holding(s) in Company

Released

16:29 19-Sep-05

Number

4606R

RNS Number: 4606R

Paragon Group Of Companies PLC

19 September 2005

HOLDING IN COMPANY

RECEIVED

2006 JUL 10 P 1:17

CEFICE OF INTERNATIONAL.

We have today received notification from Aviva plc to advise that they and Morley Fund Management Limited now hold 4,748,812 ordinary shares of 10p each in le Paragon Group of Companies PLC. The holding represents 3.99% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline Released Trading Statement 07:00 21-Sep-05

Number

5316R

RNS Number:5316R

Paragon Group Of Companies PLC

21 September 2005

The Paragon Group of Companies PLC

TRADING STATEMENT

ie Paragon Group of Companies PLC will shortly be meeting analysts ahead of its close period for the year ending 30 September 2005. The following is an update of the trading position of the Group ahead of the year end and follows the interim results which were announced on 25 May 2005.

The Board expects the results for the year to 30 September 2005 to be in line with market expectations.

Trading activity has strengthened over the course of the financial year after a comparatively slow first half, with loan advances in the second half of the year expected to be significantly ahead of first half volumes. This is attributable to a strong second half performance by the buy-to-let division, where second half advances will be well ahead of both the first half and the second half of 2004. As anticipated in our interim statement, consumer finance advances are likely to be broadly flat between the first and second halves of the year, leaving them overall below the level for 2004. Consumer finance lending as a proportion of total lending continues to decrease, reflecting the Group's strategy to emphasise growth in the buy-to-let lending business.

"he year end pipeline of mortgage loans awaiting completion is also expected to \searrow greater than at the half year end, auguring well for mortgage advances as the Group moves into the next financial year.

Total loan assets are expected to be materially higher than a year ago, the strong growth in the buy-to-let portfolio more than compensating for the continuing run off of the owner-occupied mortgage and unsecured consumer books. Margins across the business are comparable with 2004 and, given a larger loan book, shareholders should expect to see strong growth in net interest income for the year.

The Group has maintained its conservative stance on credit across the lending businesses and the performance of the buy-to-let book remains exemplary. The performance of the consumer books has improved from the first half of the year, although the charge for provisions for losses will be higher in 2005 than in 2004. As a percentage of assets, the charge for provisions for losses is expected to be similar to 2004.

Costs remain well controlled across the Group. A year on year improvement in the cost:income ratio is expected.

The outlook for landlords remains positive. Survey evidence continues to point to strong rental demand, which serves to improve returns to landlords and, for

the Group, underpins the credit performance of the mortgage portfolio. The recent reduction in money market rates, with the prospect of more to come in future, will serve to improve net yields and we expect seasoned landlords to continue to take advantage of market weakness in building their portfolios.

In the interim report the Board outlined its proposals for capital management going forward. In line with that policy shareholders should expect a significant increase in dividend as dividend cover is moved towards the market level. The Board also announced at that time a share buyback programme of up to £20 million. To date, 1,790,000 shares have been repurchased at an average price of £4.64 per share.

The Board of Directors intends to announce the preliminary results for the year ending 30 September 2005 on 23 November 2005 and a full report on the progress of the Group will be issued at that time.

The results for the year ending 30 September 2005 will be the last prepared under UK GAAP. The Board expects to provide a comparative report to shareholders setting out the impact of the introduction of International Financial Reporting Standards ("IFRS") on the 2005 results in advance of the 2006 interim results, which will be prepared under IFRS.

or further information, please contact:

The Paragon Group of Companies PLC Nick Keen, Finance Director

Tel: 0121 712 2000

The Wriglesworth Consultancy Mark Baker

Tel: 020 7845 7900

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company

Released

16:27 26-Sep-05

Number

7716R

RNS Number:7716R Paragon Group Of Companies PLC 26 September 2005

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through received notification from Barclays PLC to advise that, through received legal entities, they now hold 15,820,747 ordinary shares of 10p each in a Paragon Group of Companies PLC. The holding represents 13.2978% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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2005 JUL 10 P 1: 17

CERICE OF INTERNATIONS

GRPORATE FINANCE

Go to market news section

Company TIDM

PAG

Headline

Blocklisting Interim Review

Paragon Group Of Companies PLC

Released

11:59 17-Oct-05

Number

7578S

RNS Number: 7578S

Paragon Group Of Companies PLC

17 October 2005

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BLOCKLISTING SIX MONTHLY RETURN

1. Name of company

ie Paragon Group of Companies PLC

2. Name of scheme

Executive Share Option Scheme

3. Period of return:

From 17/04/05 To 16/10/05

4. Number and class of share(s) (amount of stock / debt security) not issued under scheme

1,221,000

5. Number of shares issued / allotted under scheme during period:

270,000

[Balance under scheme not yet issued / allotted at end of period

951,000

7. Number and class of share(s) (amount of stock / debt securities) originally listed and the date of admission;

Ordinary Shares of 10p each

Please confirm total number of shares in issue at the end of the period in order for us to update our records

120,762,342 Gross

118,972,342 Net of shares held in Treasury

Contact for queries

Name: Mr John Gemmell

Address: St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE

Telephone: 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company

Released

10:47 10-Nov-05

Number

9313T

RNS Number:9313T

Paragon Group Of Companies PLC

10 November 2005

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 14,721,357 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 12.37% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Securitisation Issue

Released

16:32 21-Nov-05

Number

4505U

RNS Number: 4505U

Paragon Group Of Companies PLC

21 November 2005

For immediate release: 21 November 2005

PARAGON COMPLETES ITS 47TH SECURITISATION TAKING ISSUANCE TO OVER £13BN

The Paragon Group of Companies has, through its subsidiary, Paragon Mortgages (No. 10) PLC completed a financing totalling over £1 billion backed by prime 'buy-to-let' mortgages. This securitisation brings total issuance to over £13 billion.

The notes issued by Paragon Mortgages (No. 10) PLC were offered in multi-currencies, yet again attracting new investors into the Group's securitisation programme.

The notes were issued in various tranches and were rated by Standard & Poor's, Moody's and Fitch. For the first time a re-marketable 2a7 fast pay tranche at A1 /AAA was offered, together with a traditional AAA tranche, a AA tranche, and with the Junior tranche at A level. The reserve fund in this transaction was 1.86%, demonstrating the rating agencies' continuing confidence in the Paragon Group originations and the performance of its assets.

"e pool consists entirely of 'buy-to-let' mortgages. Paragon is a leading Payer in the increasingly important 'buy-to-let' market through its Paragon Mortgages and Mortgage Trust brands. The credit quality of all Paragon's 'buy-to-let' portfolios is excellent.

Nick Keen, Paragon's Finance Director comments:

"This transaction continues the development of the Group's securitisation programme, bringing the Paragon name again to global investors. Investor interest was highly positive and demonstrates the continuing investor support for Paragon and the 'buy-to-let' market in general.

Paragon continues to focus on the 'buy-to-let' market where asset performance remains excellent and growth prospects are strong. Having been the first to tap the mortgage-backed market some 18 years ago, we are delighted to have completed our 47th transaction."

-End-

For further information, please contact:

Nick Keen, Finance Director The Paragon Group of Companies PLC Mark Baker The Wriglesworth Consultancy

Direct line: 0121 712 2060 Tel: 020 7845 7900

Notes to editors:

The Paragon Group of Companies PLC is one of the UK's largest independent specialist lenders offering buy-to-let mortgages, personal loans, retail and vehicle finance, with over £6 billion of assets under management..

- In its interim results for the six months ended 31 March 2005, pre-tax profits rose 9.1% to £36.1 million (2004 H1: £33.1 million), with total first mortgage advances up 24.8% to £637.2 million (2004 H1: £797.7 million) and provision for losses at £8.5 million (2004 H1: £6.9 million).
- The £1,000,352,569 million (sterling equivalent) of Notes are issued by Paragon Mortgages (No.10) PLC in 7 classes and in three currencies. The Class Al senior notes are issued in dollars (\$1,100,000,000) and the A2 senior notes in two currencies, GBP Sterling (£105,000,000) and Euros. (E222,000,000). The Class A1 remarketable 2a7 have been assigned a rating of P-1, A-1+, F-1+ by Moody's, Standard & Poor's and Fitch respectively who have assigned ratings of Aaa, AAA and AAA, respectively, to the Class A2 Notes (Sterling 105,000,000 and Euros 222,000,000). The Class B Notes are issued in two currencies Sterling (£31,000,000) and Euros (E 19,500,000). The Class C Notes are issued in two currencies Sterling (£51,500,000) and Euros (E 27,500,000). Although all classes of Notes share the same security, the Class A1 Notes have priority over the Class A2 notes which have priority over the Class B Notes and the Class B Notes have priority over the Class C Notes to quarterly payments of interest and as to principal in the event of enforcement.
- 4. The margins over the relevant currency reference rate for each of the tranches of the Notes are: Obp for the Class A1,16bps for the Class A2ab and AA2b notes, 27bp for the Class B1a and B1b notes and 55bp for the Class Cla and Clb notes.
- 5. The Notes are secured by a pool of prime buy-to-let mortgages, as well as a cash fund of 1.86% of the aggregate current balances of the Notes. Paragon Finance PLC and Mortgage Trust Services Limited are the administrators for the issue.
- Barclays Capital and Deutsche Bank are joint book runners for the 6. offering.
- 7. Barclays Capital is the investment banking division of Barclays Bank PLC, one of the largest multi-national financial services groups in the world. With a focus on financing, risk management and corporate finance advisory services, Barclays Capital acts internationally as an intermediary and adviser to corporates, financial institutions, governments and supranational organisations. Barclays Capital, which has the support of an AA rated parent bank with a balance sheet of over £400 billion, has offices in 23 countries and around 5,500 people worldwide, giving it the reach and distribution power to meet clients' needs wherever they are based.

Deutsche Bank 8.

With Euro 972 billion in assets and 63,751 employees, Deutsche Bank offers unparalleled financial services in 74 countries throughout the world. Deutsche Bank competes to be the leading global provider of financial solutions for demanding clients creating exceptional value for its shareholders and people.

Deutsche Bank ranks among the global leaders in corporate banking and securities, transaction banking, asset management, and private wealth

management, and has a significant private and business banking franchise in Germany and other selected countries in Continental Europe.

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Regulatory Announcement

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200 JUL 10 P 1: 17

OFFICE OF INTERNATIONAL

CORPORATE FINANCE

Company

Paragon Group Of Companies PLC

TIDM

Headline

Final Results

Released

07:00 23-Nov-05

Number

5323U

RNS Number:5323U

Paragon Group Of Companies PLC

23 November 2005

Under strict embargo until Stock Exchange announcement: 7am, Wednesday 23 November 2005

STRONG GROWTH AT PARAGON

The Paragon Group of Companies PLC ("Paragon"), one of the UK's largest specialist lenders offering buy-to-let mortgages, personal loans, vehicle finance and retail finance, today announces its Preliminary Results for the year ended 30 September 2005.

Highlights include

- Profit before tax up 8.2% to £76.8 million (2004: £71.0 million)
- Operating profit (excluding goodwill) * up 10.5% to £72.7 million (2004: £65.8 million)
- Earnings per share up 11.0% to 53.3p (2004: 48.0p)
- Dividend per share up 31.3% to 12.6p (2004: 9.6p)
- Total loan assets** up 9.7% to £6,528.7 million (2004: £5,950.9 million)
- Buy-to-let loans up 23.8% to £5,031.6 million (2004: £4,064.1 million)
- Cost:income ratio*** reduced to 33.3% (2004: 36.3%)
- Strong start to the new financial year
- * note 5 ** note 7 *** note 3

Commenting on the results, Jonathan Perry, Chairman of Paragon, said:

"The Group has performed strongly in 2005, producing growth in profits and loan assets and further strengthening our franchise in our key lending market.

Paragon's strategy has enabled the buy-to-let business to move forward on a broad front at a time when many lenders have seen a reduction in volumes because of lower levels of market activity generally and provides a strong base for further development going forward. The case for investing in residential property remains sound and the Group is well placed to benefit from the long term development of the buy-to-let market."

For further information, please contact:

The Paragon Group of Companies PLC

The Wriglesworth Consultancy

Nigel Terrington, Chief Executive Nick Keen, Finance Director Tel: 020 7786 8474 John Wriglesworth / Mark Baker Tel: 020 7845 7900 Mobile: 07980 635 243 (MB)

THE PARAGON GROUP OF COMPANIES PLC CHAIRMAN'S STATEMENT

The Group has performed strongly in 2005, despite a more difficult trading environment, producing growth in profits and loan assets and further strengthening our franchise in our key lending market.

Excluding the credit to profit and loss account for goodwill, operating profit increased by 10.5% to £72.7 million (2004: £65.8 million) (note 5). Profit before tax increased by 8.2% to £76.8 million for the year, compared with £71.0 million for the previous year. Earnings per share increased by 11.0% to 53.3p from 48.0p.

The Board has declared an increased final dividend of 7.4p per share which, when added to the interim dividend of 5.2p paid on 29 July, gives a total dividend of 12.6p per share for the year, an increase of 31.3% over last year. This is possistent with the policy set out in our interim report, to accelerate payments awards a market level of dividend cover. Subject to approval at the Annual General Meeting on 9 February 2006, the dividend will be paid on 13 February 2006, by reference to a record date of 13 January 2006.

Total loan assets at 30 September 2005 increased by 9.7% to £6,528.7 million from £5,950.9 million at 30 September 2004 (note 7). Of these, £6,165.6 million, or 94.4%, were secured on residential property, providing a base of high quality assets. Total advances by the Group during the year were £2,025.6 million, compared with £2,124.3 million in the previous year, the reduction being due to more subdued consumer lending. Buy-to-let lending volumes remained firm, despite the general housing market slowdown and were significantly higher in the second half of the financial year, up 64.2% from the first half.

Net interest income increased by 20.2% to £96.9 million from £80.6 million, reflecting the growth in the loan book, reductions in funding costs and a reduced charge for commissions paid in respect of new business generation. The reduction in other operating income, from £40.2 million to £35.9 million, reflects the impact of reduced activity on commissions earned, particularly for the Consumer Finance division.

operating expenses, excluding the impact of the goodwill credit of £4.1 million, were £44.2 million compared with £43.9 million (excluding the goodwill credit of £5.2 million) for 2004 despite an increase in pension costs and costs from share based payments, totalling £3.3 million during the year. The reduction in the cost:income ratio to 33.3% (2004: 36.3%) (note 3) reflects the beneficial impact of operational efficiencies introduced in 2004 and the continuing emphasis by management on cost efficiency throughout the Group's operations.

The Group has maintained its focus on growing its secured lending, principally of high quality buy-to-let assets whilst reducing exposure to unsecured consumer lending. The number of accounts in arrears across the portfolios was lower at 30 September 2005 than a year previously, both numerically and as a percentage of live accounts. The performance of the buy-to-let book remains exemplary, but the impact of increased interest rates on the payment performance of the consumer portfolios was the principal reason for an increase in the charge for provisions for losses to £15.9 million for the year (2004: £11.1 million).

After providing for corporation tax at a charge rate of 21% and for the dividend in respect of the year, profits of £46.3 million have been transferred to shareholders' funds, which were £308.0 million at 30 September 2005 (2004: £268.4 million).

Market News Page 3 of 10

FIRST MORTGAGES

Total first mortgage lending by the Group was £1,675.7 million for the year, of which £1,667.8 million was buy-to-let (2004: £1,637.3 million), an increase of 1.9%, evidencing the strong recovery in volumes during the second half of the year following weaker performance during the first half. The small value of owner-occupied loan advances relates to the provision of further advances to existing customers, however this is not a sector being actively targeted.

Housing market activity has been cooler in 2005 than in 2004 as a consequence of increased interest rates and general concerns over value and affordability. The rate of house price growth slowed during the year, with evidence still suggesting that house prices are heading for a soft landing. Recent improvements in housing activity point to a more stable market.

Buy-to-Let Loans

Paragon's strategy in the buy-to-let sector is to offer a broad range of products and services meeting the needs of professional and private investors in residential rental property. The products are offered through Paragon Mortgages and Mortgage Trust.

The buy-to-let portfolio grew strongly to £5,031.6 million (2004: £4,064.1 million), an increase of 23.8%. The new business pipeline at 30 September 2005 was significantly higher than that at the half year, providing a strong level of completions at the start of the new financial year, with advances in October 2005 significantly ahead of October 2004. The new business pipeline was also greater at the end of October 2005 than a year previously.

The Group's multi-brand strategy has delivered well-defined propositions within the buy-to-let market. Paragon Mortgages, with its focus on larger scale professional investors, has continued to market to its existing customer base and its network of individual specialist intermediaries. Product developments and individual service for large scale landlords, who own, on average, twelve properties, have maintained strong customer support such that repeat applications from existing customers still deliver around 70% of new business. The Mortgage Trust brand has been developed further over the year. Its focus on smaller scale private investors, who across the portfolio own, on average, seven properties, has allowed greater utilisation of credit technology, together with cost-effective processing and administration. Of particular note has been the clivery of additional intermediary distribution.

This strategy has allowed the Group's buy-to-let business to move forward on a broad front, without compromising lending standards, at a time when many lenders have seen a reduction in volumes because of lower levels of market activity generally and provides a strong base for further development in the future.

The case for investing in residential property remains sound, as uncertainty in the general housing market has been beneficial to the private rented sector in a number of respects. Survey data confirms the strength of tenant demand for private rented property. This has allowed landlords to improve rents, which in turn has resulted in an increase in yields. At the same time, competition for property has reduced, providing landlords with the opportunity to secure good deals on new purchases, again benefiting yields.

Survey evidence continues to suggest that landlords are taking a long-term view of their investments, rather than seeking to crystallise accrued gains. In our own buy-to-let portfolio, we have seen little evidence of increased selling activity. Indeed, compared to the previous year, redemption rates have fallen. Overall, the prospects for the buy-to-let market remain sound and demand for private rented property is expected to rise, assisted by the record number of students in higher education and the number of people migrating to the UK. The eligibility of residential property for Self-Invested Personal Pensions

Page 4 of 10 Market News

("SIPPs") from 2006 may also have a positive effect on demand and we are well positioned to benefit from any activity in this regard through our joint venture with James Hay, the UK's leading SIPPs administrator.

Owner-Occupied Loans

The owner-occupied portfolio declined, as expected, to £622.2 million from £952.2 million at 30 September 2004 and continued to perform in line with expectations.

CONSUMER FINANCE

Weaker consumer activity in the past twelve months has had an impact on consumer lending across the market and this weakness is likely to continue into the new financial year. In the light of this environment, we remain cautious in our credit policy to ensure the maintenance of high quality lending. In particular, no unsecured personal loans are now offered and the only loans made by the Group which are not secured on residential property are the car and retail instalment credit advances made by the Sales Aid Finance division. As a consequence, consumer finance lending activity has been lower this year. Aggregate loan rivances were £349.9 million during the year, compared with £450.0 million in he previous year. As at 30 September 2005 the Consumer Finance book, comprising secured and unsecured personal loans and sales aid finance, was reduced to £874.9 million (2004: £934.6 million).

Personal Finance

During the course of the year, higher interest rates impacted on the appetite of consumers for further borrowing. In addition, the revisions to the Consumer Credit Act and the introduction of regulation over insurance business, which we reported at the half year, have adversely affected volumes as introducers changed systems and working practices to ensure compliance. The effect of these, combined with the tightening of our credit criteria in anticipation of the changing economic environment, has been to depress volumes. Secured personal finance advances by the Group were £233.1 million during the year, compared with £305.4 million for the previous year. Despite the reduced activity, the secured book increased slightly by the year end to £511.8 million (2004: £507.1 million).

Looking forward, we expect trading conditions to remain competitive in the more bdued market environment. Against this background we shall continue our Lautious credit stance whilst developing products to maintain Paragon's presence in the broker market. In addition we shall seek new distribution sources for our products over the course of the coming year.

Sales Aid Finance

The performance of the sales aid business was in line with our expectations, with new business volumes originated by the division decreasing to £116.7 million (2004: £144.2 million).

Substantial progress has been made during the year in refocusing the car and retail finance businesses to improve profitability. New business initiatives and product developments have been instrumental in the development of new sources of distribution and the integration of overlapping administration functions has led to improvements in cost efficiency.

FUNDING

The Group continued to be an active issuer in the capital markets during the period. In October 2004, the Group completed a £1.0 billion securitisation by Paragon Mortgages (No. 8) PLC; in December 2004 a £300 million securitisation of

Page 5 of 10 Market News

secured consumer loans was completed by Paragon Secured Finance (No. 1) PLC; in May 2005, a £450 million securitisation of secured and unsecured consumer loans was completed by Paragon Personal and Auto Finance (No. 3) PLC; in July 2005 a £700 million securitisation was completed by Paragon Mortgages (No. 9) PLC; and, in November 2005, a £1.0 billion securitisation was completed by Paragon Mortgages (No. 10) PLC.

Funding through securitisation continues to be attractive for the Group, with demand for the notes issued through the Paragon securitisation programme remaining high. This strong demand has had a beneficial impact on funding costs, with the average coupon on Paragon Mortgages (No. 10) PLC being the lowest yet in the Paragon programme.

In April 2005 the Group issued f120 million 7% Callable Subordinated Notes due 2017. This inaugural transaction provides long term capital at attractive pricing and improves the flexibility available to the Group in its capital management.

CAPITAL MANAGEMENT

The Board reviews, periodically, the appropriate level of capital to support its rrent loan portfolios and to ensure that its business plans can be met. The Board has regard to a number of factors, including the capital needed to support planned business generation over the medium term, the risk characteristics of the portfolio and the capital being returned to the Group from organic cash generation.

As a result of such a review in 2002, the Board decided to increase dividends progressively ahead of earnings growth in order to reduce dividend cover to market level over the medium term. Since that time, dividends have increased annually at roughly double the rate of earnings growth.

Whilst our new business generation targets remain stretching, the Group's portfolio continues to generate capital. We have also reduced the portfolio's risk profile by our disciplined restructuring of the portfolio from unsecured towards secured lending, which is less demanding of the Group's capital. Consumer loans, as a proportion of the portfolio, have been reducing year on year, from 36% in 2002 to 13.4% as at 30 September 2005. Within this, the unsecured personal loan book has been declining in absolute terms since the product was withdrawn and as loans have redeemed, from £319.9 million at 20 September 2002 to £180.0 million at 30 September 2005, representing 2.8% of le total loan book.

As a result, we announced at the half year that surplus capital was available for distribution to shareholders. In addition to increasing the dividend for the year by 31.3%, almost three times growth in earnings per share, thus accelerating the Group's progress towards the objective of achieving a market level of dividend cover within two years, the Company has also repurchased 1,790,000 shares at an average price of £4.64 per share and a total cost of £8.3 million as part of a £20 million repurchase programme. This programme is ongoing and the Board will keep under review the appropriate cost of capital to support the Group's business activities.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The results for the year ended 30 September 2005 are the last to be prepared under UK Generally Accepted Accounting Principles. The Board expects to provide a comparative report to shareholders setting out the impact of the introduction of IFRS on the 2005 results in advance of the 2006 interim results, which will be prepared under IFRS.

OUTLOOK

The fundamentals of the buy-to-let market remain strong, with increased rental demand translating into higher rents which, given more stable property prices, should result in improving yields. As a consequence, landlords are continuing to take a long term view of their property investments and we expect activity levels to improve as landlords take advantage of the increased rental demand by expanding their portfolios.

The development of the Paragon Mortgages and Mortgage Trust brands will continue, aimed at providing a broad range of products and services to landlords, thereby ensuring that the Group is well placed to benefit from the long term development of this market.

Jonathan P L Perry Chairman 23 November 2005

THE PARAGON GROUP OF COMPANIES PLC CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year to 30 September 2005	2005		2004
Interest receivable Interest payable and similar charges	£m 484.4 (387.5)	£m	£m 412.0 (331.4)
Net interest income Other operating income	96.9 35.9		80.6
Total operating income Operating expenses	132.8		120.8
Other operating expenses (44.2) Amortisation of negative 4.1 goodwill		(43.9) 5.2	
Total operating expenses Provisions for losses	(40.1) (15.9)		(38.7) (11.1)
Operating profit being profit on ordinary activities before taxation Tax charge on profit on ordinary activities	76.8 (16.1)		71.0 (16.3)
Profit on ordinary activities after taxation for the financial year	60.7		54.7
Equity dividend	(14.4)		(11.0)
Retained profit	46.3		43.7
Dividend - rate per share	12.6p		9.6p
Earnings per share - basic	53.3p		48.0p
- diluted	51.1p =======		46.2p ======

The results for the current and preceding years relate entirely to continuing operations.

There is no material difference between the results as stated above and those determined on the historical cost basis.

	ļ			
THE PARAGON GROUP OF COMPANIES PLO	3	•		
CONSOLIDATED BALANCE SHEET	į			
30 September 2005	į		•	
		2005		2004
	£m	£m	£m	£m
ASSETS EMPLOYED	;	•		
Fixed assets		,		
Intangible assets	*			
Negative goodwill		(9.9)		(14.0)
Tangible assets		3.6		3.4
Investments			•	
Assets subject to non-recours	e 1,116.0		1,557.7	
finance				
Non-recourse finance	(1,075.2)	•	(1,520.3)	
	i			
	40.8		37.4	
Loans to customers	5,497.9		4,492.5	
		5,538.7		4,529.9
	1 .	5,532.4		4,519.3
Current assets			•	
Stocks	3.0		3.4	
Debtors falling due within one	7.7		8.8	
year				
Investments	285.7		230.5	
Cash at bank and in hand	159.5		172.0	
		455.9		414.7
	i I	5,988.3	•	4,934.0
	-			========
FINANCED BY	i			
Equity shareholders' funds	!			
Called-up share capital	i	12.1		12.0
Share premium account	70.2		68.8	
Merger reserve	(70.2)		(70.2)	
ofit and loss account	318.7		270.1	
		318.7		268.7
Share capital & reserves	ï	330.8		280.7
Own shares		(22.8)	٠	(12.3)
		,,		•
		308.0		268.4
Provisions for liabilities and	1	2.8		5.6
charges				
Creditors	į			
Amounts falling due within or	ne 80.6		66.4	
year			· 	
Amounts falling due after mor	re 5.596.9		4,593.6	
than one year	,		-,	
onum one your				
		5,677.5		4,660.0
		5,577.5		-,
		5,988.3		4,934.0
		=======		========
<i>)</i>	· ·			

The preliminary financial information was approved by the Board of Directors on

23 November 2005.

THE	PARAC	GON	GRO	UP	OF	CO	MP	ANIE	S	PLC	
CONS	SOLIDA	ATED	CA	SH	FLC	W	ST	ATEM	ΙEΝ	T	
For	year	to	30	Ser	oten	ıbe	r	2005	;		

	2005	2004
	£m	£m
Net cash inflow from operating activities	132.3	129.3
Taxation	(12.2)	(14.6)
Capital expenditure and financial investment	(616.7)	(685.8)
Acquisitions and disposals	2.0	-
Equity dividends paid	(12.4)	(8.6)
	(507.0)	(579.7)
Management of liquid resources	(55.2)	(85.7)
Financing	550.4	686.5
(Decrease) / increase in cash in the year	(11.8)	21.1
·	========	=========

<u>)</u>)) Reconciliation of operating profit to net cash flows from operating activities

	2005	2004
	£m	£m
Operating profit	76.8	71.0
Provisions for losses	15.9	11.1
Depreciation	1.3	1.6
Amortisation of brokers' commissions	34.9	37.2
Amortisation of negative goodwill	(4.1)	(5.2)
Charge for long term incentive plan	1.5	0.9
Profit on sale of subsidiary	(0.9)	_
(Increase) in stock	(0.1)	-
Decrease in debtors	1.0	0.7
Increase in creditors	6.0	12.0
Net cash inflow from operating activities	132.3	129.3
	========	========

(b) Analysis of cash flows for headings netted in the cash flow statement

	2005	2004
	£m	£m
Capital expenditure and financial investment		
Net decrease in assets subject to non-recourse		
funding	441.2	800.2
Net increase in loans to customers	(1,056.4)	(1,485.2)
Expenditure on other fixed assets	(1.7)	(1.0)
Proceeds from sales of other fixed assets	0.2	0.2
	(616.7)	(685.8)
	=======	

Reconciliation of net cash flow to movement in net debt

	2005 £m	2004 £m
(Decrease) / increase in cash in year Cash inflow from increase in debt	(11.8) (558.6)	21.1 (687.2)
Cash movement from change in liquid resources	55.2	85.7
Movement in net debt in year	(515.2)	(580.4)

Net debt at 1 October 2004	(5,710.6)	(5,130.2)
Net debt at 30 September 2005	(6,225.8)	(5,710.6)

THE PARAGON GROUP OF COMPANIES PLC NOTES TO THE FINANCIAL INFORMATION For the year ended 30 September 2005

- A final dividend of 7.4p per share is proposed, payable on 13 February 2006 with a record date of 13 January 2006.
- 2. The financial information has been prepared using the same accounting policies as were used in preparing the statutory accounts of the Company for the year to 30 September 2004.
- The cost:income ratio for the year is calculated by dividing operating expenses, excluding amortisation of negative goodwill of £4.1m (2004: £5.2m), of £44.2m (2004: £43.9m) by total operating income of £132.8m (2004: £120.8m) to give 33.3% (2004: 36.3%).
 - Earnings per ordinary share is calculated as follows:

·	2005	2004
Profit for the year	£60,700,000	£54,700,000
Basic weighted average number of ordinary		
shares ranking for dividend during the year Dilutive effect of the weighted average number	114,055,451	113,942,576
of share options in issue during the year	4,949,671	4,364,990
Diluted weighted average number of ordinary		
shares ranking for dividend during the year	119,005,122	118,307,566
·	=========	
Earnings per ordinary share - basic	53.3p	48.0p
- diluted	51.1p	46.2p
	==========	=========

- The operating profit for the period excluding goodwill comprises the operating profit of £76.8m (2004: £71.0m) less the credit for the amortisation of negative goodwill of £4.1m (2004: £5.2m).
- 6. Assets subject to non-recourse finance comprises Loans to Customers of £1,030.8m (2004: £1,458.4m) and cash of £85.2m (2004: £99.3m).
- 7. 'Total loan assets' includes Loans to Customers shown on the face of the balance sheet of £5,497.9m (2004: £4,492.5m) and similar assets subject to non-recourse finance arrangements of £1,030.8m (2004: £1,458.4m).
- The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 30 September 2004 or 30 September 2005, but is derived from those statutory accounts, which have been reported on by the Company's auditors. Statutory accounts for the year ended 30 September 2004 have been delivered to the Registrar of Companies and those for the year ended 30 September 2005 will be delivered to the Registrar following the Company's Annual General Meeting. The reports of the auditors in both cases were unqualified and did not contain an adverse statement under sections 237 (2) or 237 (3) of the Companies Act 1985.

9. A copy of the Annual Report and Accounts for the year to 30 September 2005 will be posted to shareholders in due course. Copies of this announcement can be obtained from The Paragon Group of Companies PLC, St. Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.

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The company news service from the London Stock Exchange

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Company

Paragon Group Of Companies PLC OFFICE OF INTERNATIONAL CORPORATE FINANCE

TIDM

Headline

Blocklisting Interim Review

Released

16:26 24-Nov-05

Number

6555U

RNS Number:6555U

Paragon Group Of Companies PLC

24 November 2005

BLOCKLISTING SIX MONTHLY RETURN

1 Name of company

The Paragon Group of Companies PLC

2. Name of scheme

The Paragon 1999 Sharesave Scheme

3. Period of return:

From 25/05/05 To 24/11/05

4. Number and class of share(s) (amount of stock / debt security) not issued under scheme

404,720

5. Number of shares issued / allotted under scheme during period:

211,193

Balance under scheme not yet issued / allotted at end of period

193,527

7. Number and class of share(s) (amount of stock / debt securities) originally listed and the date of admission;

Ordinary Shares of 10p each

Please confirm total number of shares in issue at the end of the period in order for us to update our records

120,783,036 Gross

118,993,036 Net of shares held in Treasury

Contact for queries

Name: Mr John Gemmell

Address: St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE

Telephone: 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Annual Report and Accounts

Released

16:07 04-Jan-06

Number

4610W

RNS Number: 4610W

Paragon Group Of Companies PLC

04 January 2006

2005 ANNUAL REPORT AND ACCOUNTS

Two copies of The Paragon Group of Companies PLC's annual report and accounts the year ended 30 September 2005 have been submitted to the UK Listing Authority and will shortly be available for inspection at the UK Listing Authority's Document Viewing Facility, which is situated at:

Financial Services Authority 25 The North Colonnade Canary Wharf LONDON E14 5HS

Telephone Number: 020 7066 1000

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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OFFICE OF INTERNATIONAL CORPORATE FINANCE

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Paragon Group Of Companies PLC

Company TIDM

PAG

Headline

Holding(s) in Company

Released

15:18 25-Jan-06

Number

4453X

RNS Number:4453X

Paragon Group Of Companies PLC

25 January 2006

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HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 14,267,989 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 11.99% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

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Headline

Annual Information Update

Released

10:36 01-Feb-06

Number

7476X

RNS Number:7476X

Paragon Group Of Companies PLC

01 February 2006

THE PARAGON GROUP OF COMPANIES PLC

ANNUAL INFORMATION UPDATE

Pursuant to the requirements of Prospectus Rule 5.2, the following summarises, by title, the information that has been published or made available to the public by the Company throughout the twelve months ended 31 January 2006.

The Company uses the London Stock Exchange RNS service to make announcements to the market and these can be found on www.londonstockexchange.com. Copies of documents filed at Companies House can be obtained from Companies House or through Companies House Direct at www.direct.companieshouse.gov.uk. Copies of documents sent directly to shareholders can be obtained from The Company Secretary, The Paragon Group of Companies PLC, St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.

Some of the information referred to below was provided at a specific date and may now be out of date.

Information published on RNS:

e of Publication	Regulatory Headline
2 February 2005	Director Shareholding
14 February 2005	Director Shareholding
14 February 2005	Holding(s) in Company
2 March 2005	Holding(s) in Company
11 March 2005	Blocklisting Interim Review
15 March 2005	Holding(s) in Company
23 March 2005	Trading Update
24 March 2005	Holding(s) in Company
29 March 2005	Holding(s) in Company
18 April 2005	Blocklisting Interim Review
18 April 2005	Issue of Debt
20 April 2005	Listing Particulars
22 April 2005	Holding(s) in Company
3 May 2005	Holding(s) in Company
16 May 2005	Holding(s) in Company
20 May 2005	Holding(s) in Company
23 May 2005	Holding(s) in Company
24 May 2005	Blocklisting Interim Review
24 May 2005	Holding(s) in Company
25 May 2005	Interim Results

27 May 2005	Holding(s) in Company
27 May 2005	Director Shareholding
1 June 2005	Director Shareholding
2 June 2005	Director Shareholding
2 June 2005	Director Shareholding
3 June 2005	Purchase of Own Shares
6 June 2005	Purchase of Own Shares
22 June 2005	Director Shareholding - Replacement
24 June 2005	Director Shareholding
29 June 2005	Transaction in Own Shares
30 June 2005	Purchase of Own Shares
1 July 2005	Purchase of Own Shares
4 July 2005	Purchase of Own Shares
28 July 2005	Holding(s) in Company
15 August 2005	Director Shareholding
19 August 2005	Purchase of Own Shares
22 August 2005	Purchase of Own Shares
24 August 2005	Purchase of Own Shares
25 August 2005	Purchase of Own Shares
31 August 2005	Purchase of Own Shares
2 September 2005	Holding(s) in Company
September 2005	Transaction in Own Shares
12 September 2005	Blocklisting Interim Review
19 September 2005	Holding(s) in Company
21 September 2005	Trading Statement
26 September 2005	Holding(s) in Company
17 October 2005	Blocklisting Interim Review
10 November 2005	Holding(s) in Company
21 November 2005	Securitisation Issue
23 November 2005	Final Results
24 November 2005	Blocklisting Interim Review
4 January 2006	Annual Report and Accounts
25 January 2006	Holding(s) in Company

Documents filed at the Companies Registry:

	Date of Filing	Document Type	Brief Description
	9 February 2005	Resolutions	Resolutions passed at Annual General Meeting
	15 June 2005	169(1B)	Return by a public company purchasing its
			own shares for holding in treasury
	23 June 2005	88 (2)	Return of Allotment of Shares
	29 June 2005	88(2)	Return of Allotment of Shares
	8 July 2005	363a	Annual Return - Replacement
	8 July 2005	363a	Annual Return - Replacement
	13 July 2005	169(1B)	Return by a public company purchasing its
			own shares for holding in treasury
	18 July 2005	169(1B)	Return by a public company purchasing its
			own shares for holding in treasury
	2 August 2005	88 (2)	Return of Allotment of Shares
	8 August 2005	88 (2)	Return of Allotment of Shares
	9 August 2005	88(2)	Return of Allotment of Shares
	18 August 2005	88(2)	Return of Allotment of Shares
	24 August 2005	88(2)	Return of Allotment of Shares
	1 September 2005	169(1B)	Return by a public company purchasing its
			own shares for holding in treasury
	5 September 2005	169(1B)	Return by a public company purchasing its
			own shares for holding in treasury
	14 September 2005	169(1B)	Return by a public company purchasing its
			own shares for holding in treasury
	19 September 2005	169(1B)	Return by a public company purchasing its
'			own shares for holding in treasury
	20 October 2005	88(2)	Return of Allotment of Shares
			·

9 November 2005 88(2) Return of Allotment of Shares 13 December 2005 88(2) Return of Allotment of Shares 3 January 2006 88(2) Return of Allotment of Shares 25 January 2006 363s Annual Return

Documents published and sent to shareholders:

Date of Publication

Document

20 June 2005

Interim Report

4 January 2006

Annual Report and Accounts

4 January 2006

Proxy - Annual General Meeting

Circular to shareholders re The Paragon Matching

Share Plan

Enquiries:

John G Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

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Holding(s) in Company

Released

13:46 02-Feb-06

Number

8421X

RNS Number:8421X

Paragon Group Of Companies PLC

02 February 2006

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 14,697,607 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 12.35% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

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Result of AGM

Released

15:47 09-Feb-06

Number

2009Y

RNS Number:2009Y

Paragon Group Of Companies PLC

09 February 2006

RESULT OF AGM

The Paragon Group of Companies PLC announces that at the Annual General Meeting d on 9 February 2006 all resolutions were passed.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

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Headline

Holding(s) in Company

Released

14:05 17-Feb-06

Number

5922Y

RNS Number:5922Y

Paragon Group Of Companies PLC

17 February 2006

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 15,843,427 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 13.31% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Implementation of IFRS - P1 07:00 21-Feb-06 6864Y RNS Number:6864Y

Released Headline

Number

Paragon Group Of Companies PLC

21 February 2006

Paragon Group Of Companies PLC

Company

TIDM

Regulatory Announcement

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IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

INTRODUCTION

prepare consolidated financial statements for the year ending 30 September 2006 Standards ("IFRS"), as endorsed by the EU. Consequently, the Group is preparing Principles ("UK GAAP"). The Group's results for the six months ending 31 March to use IFRS as its accounting basis. Previously, the Group has prepared its The Paragon Group of Companies PLC ("the Group"), along with other European listed entities, is required by regulators of the European Union ("EU") to and subsequent years in accordance with International Financial Reporting Financial Statements in accordance with UK Generally Accepted Accounting 2006 will be the first to be published on an IFRS basis.

performance and position for the year ended 30 September 2005 are reported under This document explains how the Group's previously reported UK GAAP financial IFRS. The Group's main financial statements have been restated including:

- Income Statements for the periods ended 31 March and 30 September 2005;
- Balance Sheets as at 1 October 2004, 31 March 2005, 30 September 2005 and 1 October 2005;
- Statements of Recognised Income and Expense for the periods ended 31 March and 30 September 2005; and

http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=1164771&source=RNS

• Reconciliations of Movements in Equity for the periods ended 31 March and 30 September 2005.

interim and full year results for the year ended 30 September 2005 published on each of the Income and Balance Sheet Statements is also included. The restated Financial Information included in this document is for the consolidated Group a reconciliation of the differences between UK GAAP and IFRS for and will form the basis for the comparative information in any future results announcement. This document should be read in conjunction with the Group's 25 May and 23 November 2005 respectively.

accounting period ended 30 September 2005. However, the standards that apply to financial instruments, IAS 32 "Financial Instruments: Disclosure and 2005.Financial-Statements-restated-for-IFRS-to-be-included-in-the-2006-results Most of the changes required by IFRS are to be applied retrospectively from 1 October 2004 and fully reflected in the restated Financial Statements for the Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" policies are used to account for such items before this date. Therefore, the will not be directly comparable with the accounting information for the year are being implemented from 1 October 2005, and existing UK GAAP accounting ending 30 September 2006.

information showing the effects of IAS 32 and IAS 39 on the way that the Group's loans to customers are accounted for, as if they had been applicable to the year In order to assist readers to assess 2006 performance, illustrative financial provisions relate to the adoption of the Amortised Cost basis and the use of ended 30 September 2005, has been included within this announcement. These Impairment in accounting for these assets.

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INTRODUCTION

been omitted from the 2005 results, a schedule setting out their impact on the Balance Sheet as at 1 October 2005 has also been provided. These changes relate Whilst any 2005 equivalent impacts of the fair value provisions of IAS 39 have to the accounting for derivative financial instruments such as interest rate swaps, which the Group enters into for hedging purposes only. The fair value adjustments are not anticipated to have any material impact on the Group's earnings. The remainder of this document comprises the following sections:

SECTION A: Highlights and summary adjustments to the Financial Information.

the year ended 30 September 2005 ("Statutory Basis"). The IFRS Statutory basis financial information for the 12 months ended 30 September 2005 and for the 6 SECTION B: Restatement of 2005 Financial Information under IFRS applicable to Deloitte & Touche LLLP, the Group's external auditors. Copies of the Auditors' months ended 31 March 2005 have been audited and reviewed respectively by opinions on these restatements are included on pages 21 to 24.

elements of IAS 32 and 39 relating to the use of the Amortised Cost basis and SECTION C: Illustrative restatement of 2005 Financial Information under IFRS applicable to the year ending 30 September 2006, but including only those Impairment in valuing loan assets. ("Proforma Basis")

SECTION D: Illustrative restatement of the Balance Sheet as at 1 October 2005 under IFRS as it will be applied in the Group Accounts for the year ending 30 September 2006. ("On-going IFRS Basis")

APPENDIX: Presentational changes to the published 2005 UK GAAP results to transfer them to IFRS format. The On-going Basis will be used in due course by the Group in reporting its 2006 interim and annual results.

in particular IAS 32 and IAS 39 and to the emergence of best practice within the The information in this document has been prepared on the basis of the Group's completion of the relevant legislation surrounding the implementation of IFRS, Financial Information prepared by the Group in future periods may differ from the information set out in this document due to the ongoing development and expectation of the IFRS that will be applicable as at 30 September 2006. implementation of IFRS. These differences may occur due to the ongoing

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A Illustrative 2005 results under IFRS

B 2005 Financial Information - IFRS Statutory basis

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http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=1164771&source=RNS



C 2005 Financial Information - IFRS Proforma basis 38

D 1 October 2005 balance sheet under IFRS 55

Presentational changes to 2005 UK GAAP results 58

The information in this announcement does not comprise statutory accounts for the year ended 30 September 2005 within the meaning of Section 240 of the auditors. The report of the auditors was unqualified and did not contain Companies Act 1985. Those accounts have been reported on by the Group's statement under section 237 (2) or (3) of the Companies Act 1985. This document may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial conditions, business performance and results of the Group. By their nature, all acquisitions or other combinations within relevant industries, the policies and including, amongst other things, UK domestic and global economic and business actions of regulatory authorities, the impact of tax or other legislation and operate. As a result, the Group's actual future financial condition, business implementing proposals, the timing, impact and other uncertainties of future other regulations in the jurisdictions in which the Group and its affiliates forward-looking statements involve risk and uncertainty because they relate future events and circumstances that are beyond the control of the Group exchange rates, inflation, deflation, the impact of competition, changes in conditions, market related risk such as fluctuation in interest rates and customer preferences, risks concerning borrower credit quality, delays in performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward looking statements.

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ILLUSTRATIVE 2005 RESULTS UNDER IFRS

HIGHLIGHTS

hedging policies are unaffected by what is principally an issue of the timing of Accounting under IFRS does not affect the fundamentals of the Group's business, performance in any one accounting period. The business, its cash flows and but reflects a different basis of measurement and presentation of its the recognition of income, costs, assets and liabilities.

operating profit for the year to 30 September 2005 was £72.7m. Profit before tax Under UK GAAP, excluding the credit to the profit and loss account for goodwill, was reported at £76.8m. In the Group's first IFRS accounts, the comparative figure for the operating profit for the year to 30 September 2005 will be restated as £71.8 million. Earnings per share for the year ended 30 September 2005 under IFRS is 48.9p, 4.4p less than under UK GAAP, largely as a result of the exclusion of the credit arising from amortisation of negative goodwill from IFRS earnings.

The effects on profit before tax and earnings per share are set out below:

Impact of IFRS on profit and EPS

Year to 30 September 2005

	Profit before tax excluding	Profit before tax	Earnings per share
	goodwill £m	£m	Ω
As reported under UK GAAP	72.7	76.8	53.3
Negative goodwill - IFRS 3	ı	(4.1)	(3.6)
Defined benefit pension scheme - IAS 19	(0.3)	(0.3)	(0.2)
Share based payments - IFRS 2	(0.2)	(0.2)	(0.2)
Leasing - IAS 17	(0.4)	(0.4)	(0.4)
Statutory comparative to be reported in 2006	71.8	71.8	48.9
Effective interest rate - IAS 39	6.6	9.9	9.8
Impairment - IAS 39	(6.7)	(6.7)	(4.0)
Comparable basis	71.7	71.7	48.8

mortgage and consumer finance businesses respectively, with a reduction of ${\rm E6.7m}$ relating to closed portfolios where the Group is not seeking new business. generated by the Group's loan assets and impairment of these assets comprised The adjustments to profit arising from the use of IAS 39 in evaluating income increases to profit of £2.0m and £4.6m arising from the Group's buy-to-let

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ILLUSTRATIVE 2005 RESULTS UNDER IFRS

Analysis of adjustments to the Income Statement Year to 30 September 2005

	The second second second				
	UK GAAP	Statutory basis adjustments (2)	Statutory	Proforma basis adjustments	Proforma basis
Interest receivable Interest payable	£m 484.4 (387.5)	£m 1.4 (3.3)	Em 485.8 (390.8)	£m 1.0 34.9	£m 486.8 (355.9)
Net interest income Other operating income	35.9	(1.9)	95.0	35.9 (8.5)	130.9
Total operating income Operating expenses Impairment losses	132.8 (44.2) (15.9)	0.1	132.9 (45.2) (15.9)	27.4 - (27.5)	160.3 (45.2) (43.4)
Amortisation of negative goodwill	72.7	(0.9)	71.8	(0.1)	71.7
Operating profit before taxation Taxation	76.8 (16.1)	(5.0)	71.8 (16.0)	(0.1)	71.7 (16.0)
Operating profit after taxation	60.7	(4.9)	55.8	(0.1)	55.7

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Earnings per share					
- basic	53.3p	(4.4)p	48.9p	(0.1)p	48.8p
- diluted	51.10	(4.2)p	46.9p	(0.1)p	46.8p

UK GAAP presented in IFRS format. Analysis of the differences between these amounts and the published results are shown on pages 58 to 62. (1)

Detailed analysis of the statutory basis adjustments is given on pages 10 to 37. (5)

Detailed analysis of the proforma basis adjustments is given on pages 38 to 54. (3)

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ILLUSTRATIVE 2005 RESULTS UNDER IFRS

Analysis of adjustments to the Balance Sheet 30 September 2005

	מאאם שוו	0+0+01	G+ 5+11+C	Droforma	Droforma
	on Gran	basis	basis	basis	basis
		adjustment	Ω,	adjustmen	ts
	(1)	(2)		(3)	
	£m	£m	£m	£m	£m
Non-current assets					
Intangible assets	(6.6)	10.2	0.3	t	0.3
Property, plant and equipment	8.7	11.0	19.7	1	19.7
Financial assets	5,538.7	0.066	6,528.7	(97.6)	6,431.1
Deferred tax asset	r	5.7	5.7	29.2	34.9
·	5,537.5	1,016.9	6,554.4	(68.4)	6,486.0
Current assets					
Other receivables	7.8	(1.2)	9.9	1	9.9
Cash and cash equivalents	445.2	85.2	530.4	1	530.4

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	453.0	84.0	537.0	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	537.0
Total assets	5,990.	1,100.9	7,091.4	(68.4)	7,023.0
Equity shareholders' funds Share capital	12.1		12.1		12.1
Share premium	70.2	1	70.2	1	70.2
Merger reserve	(70.2)	1	(70.2)	1	(70.2)
Profit and loss account	318.7	4.8	323.5	(68.4)	255.1
Share capital and reserves	330.8	4.8	335.6	(68.4)	267.2
Own shares	(22.8)	1	(22.8)		(22.8)
	308.0	t	312.8	(68.4)	244.4
Current liabilities	1 1 1 1 1 1 1 1 1 1 1 1	6.0	6.0		6.0
Current tax liabilities	ı	12.9	12.9	1	12.9
Other_liabilities	817	(218)	.6-*-6-5		5-6-6-6-6-6-6-6-6-6-6-6-6-6-6-6-6-6
	81.7	(8.0)	73.7		73.7
Non-current liabilities			0 400	: 	α 789 9
Financial liabilities	ı	0,084.8	0,000,0		0, ¥.0
Deferred tax liability Refirement benefit obligations		14.6	14.6	: 1	14.6
Provisions		(0.7)	2.1	1	2.1
Other liabilities	5,598.0	(5,595.3)	2.7	1	2.7
	5,600.8	1,104.1	6,704.9		6,704.9
Total liabilities	5,682.5	1,096.1	6,778.6		6,778.6
	5,990.5	1,100.9	7,091.4	(68.4)	7,023.0
			## 1		

UK GAAP presented in IFRS format. Analysis of the differences between these amounts and the published results are shown on pages 58 to 62. (1)

Detailed analysis of the statutory basis adjustments is given on pages 10 to 37. (3)

Detailed analysis of the proforma basis adjustments is given on pages 38 to 54. (3)

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ILLUSTRATIVE 2005 RESULTS UNDER IFRS

Analysis of adjustments to the Income Statement Six months to 31 March 2005

	UK GAAP	Statutory	Statutory basis	Proforma basis	Proforma basis
	(1)	adjustments (2)		adjustments (3)	
	£m	£π	£m	£m	£m
Interest-receivable	240 <u>.</u> -9 (194.9)	(1.6)	24 1.6 (196.5)	(-16-) 17.9	-240.0 (178.6)
Net interest income	46.0	(0.9)	45.1	16.3	61.4
Other operating income	17.0	1.0	18.0	(3.1)	14.9
Total operating income	63.0	0.1	63.1	13.2	76.3
Operating expenses	(20.6)	(0.5)	(21.1)	1	(21.1)
Impairment losses	(8.5)	ı	(8.5)	(12.2)	(20.7)
	33.9	(0.4)	33.5	1.0	34.5
Amortisation of negative goodwill	2.2	(2.2)	ı	ı	1
Operating profit before taxation	36.1	(2.6)	33.5	1.0	34.5
Taxation	(7.6)	ł	(7.6)	(0.3)	(7.9)
Operating profit after taxation) ((2.6)	25.9	0.7	26.6
Earnings per share			 		23 373
- pasic - diluted	23.9p	$(2.1)_{p}$ (2.1)	21.8p	d9.0	22.4p

UK GAAP presented in IFRS format. Analysis of the differences between these amounts and the published results are shown on pages 58 to 62. (1)

Detailed analysis of the statutory basis adjustments is given on pages 10 to 37. (5)

Detailed analysis of the proforma basis adjustments is given on pages 38 to 54.

(3)

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ILLUSTRATIVE 2005 RESULTS UNDER IFRS

Analysis of adjustments to the Balance Sheet 31 March 2005

			11 11 11 11 11 11 11 11 11 11 11 11 11		11 11 11 11 11 11 11 11
	UK GAAP	Statutory	Statutory	Proforma	Proforma
		basis	basis	basis	basis
		adjustment	S.	adjustments	
	(1)	(2)		(3)	
	£m	£m	£m	£m	£m
Non-current assets					
Intangible assets	(11.8)	12.1	0.3	ı	0.3
Property, plant and equipment	9.1	11.4	20.5	1	20.5
Financial assets	4,885.9	1,201.1	6,087.0	(36.5)	5,990.5
Deferred tax asset		5.7	5.7	28.9	34.6
	4,883.2	1,230.3	6,113.5	(67.6)	6,045.9
Current assets	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 4 4 4 4 1 1 1 1 1	4
Cash and cash equivalents	7 2 2 2	7.77	740.7		549 2
casii aild casii equivalents	C . A C #	7.06	7.5		4.04.
	460.1	95.5	555.6	ı	555.6
Total assets	5,343.3	1,325.8	6,669.1	(67.6)	6,601.5
Equity shareholders' funds	0 0 0 0 0 0		######################################		(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)
Share capital	12.0	1	12.0	1	12.0
Share premium	69.5	ì	69.5		69.5

Merger reserve Profit and loss account	(70.2) 293.8	4.0	(70.2) 297.8	(67.6)	70.2)
Share capital and reserves Own shares	305.1	4,0	309.1	(67.6)	241.5 (13.8)
	291.3	4.0	295.3	(67.6)	227.7
Current liabilities Financial liabilities		0.1	1.0		
Current tax liabilities Other liabilities	78.9	13.6 (19.6)	13.6 59.3	1 1	13.6 59.3
	78.9	(5.0)	73.9	1	73.9
Non-current liabilities Financial liabilities		6,278.1	6,278.1		6,278.1
Deferred tax liability	ı	2.1	2.1	ı	2.1
Retirement benefit obligations	į ·	14.5	14.5	í	14.5
Other liabilities	4,968.6	(4,965.8)	7. Ct	 	2.4
	4,973.1	1,326.8	6,299.9		6,299.9
Total liabilities	5,052.0	1,321.8	6,373.8		6,373.8
	5,343.3	1,325.8	6,669.1	(67.6)	. 5

UK GAAP presented in IFRS format. Analysis of the differences between these amounts and the published results are shown on pages 58 to 62. (1)

Detailed analysis of the statutory basis adjustments is given on pages 10 to 37. (5)

Detailed analysis of the proforma basis adjustments is given on pages 38 to 54.

(3)

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ILLUSTRATIVE 2005 RESULTS UNDER IFRS

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Analysis of adjustments to the Balance Sheet 1 October 2004

	UK GAAP	AP Statutory	Statutory	Proforma	Proforma
		basis		basis	basis
		adjustments	S	adjustments	
	(1)	(2)		(3)	
	£m	£m	£m	£m	£m
Non-current assets					
Intangible assets	(14.0)	14.3	0.3	ı	0.3
Property, plant and equipment	9.5	11.9	21.4		21.4
Financial assets	4,529.9	1,421.0	5,950.9	(97.5)	5,853.4
Deferred tax asset	1	5.7	5.7	29.2	34.9
	4,525.4	-1,452.9	5,978;3	_(68-3)	5,910.0
Current assets	1 1 1 1 1 1 1 1 1	1		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1 1 1
Other receivables	6.8	(1.3)	7.6	ŀ	7.6
Cash and cash equivalents	402.5	99.3	501.8	1	501.8
	411.4	98.0	509.4	1 1 1 3 5 6 6 7 7 8 1 1 1 1 1 1	509.4
Total assets	4,936.8	1,550.9	6,487.7	(68.3)	6,419.4
Equity shareholders' funds	19 19 19 19 19 19 19 19 19 19 19 19 19 1	11 13 13 13 13 13 13 13 13 13 13 13 13 1			n 11 11 11 11 12 13 14
Share capital	12.0	ı	12.0	ŀ	12.0
Share premium	68.8	1	68.8	1	8.89
Merger reserve	(70.2)	1	(70.2)	ı	(70.2)
Profit and loss account	270.1	9.9	276.7	(68.3)	208.4
Share capital and reserves	280.7	6.6	287.3	(68.3)	219.0
Own shares	(12.3)	ı	(12.3)	1	(12.3)
	268.4	6.6	275.0	(68.3)	206.7
Current liabilities Financial liabilities	1	1.6	1.6		1 : 9 : 1

http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=1164771&source=RNS

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Current tax liabilities Other liabilities	68.0	7.7 (14.2)	7.7 53.8	; i	53.8
	68.0	(4.9)	63.1		63.1
Non-current liabilities	3 1 1 1 1 1 1 1	; ; ; ; ; ; ; ; ; ; ; ;			i.
Financial liabilities	1 1	6,126.5	6,126.5	1 1	6,126.5
Delerred cax liability Petirement benefit obligations		14.3	14.3	ı	14.3
Provisions	5.6	(2.1)	3.5	ı	3.5
other liabilities	4,594.8	(4,591.6)	3.2	l	3.2
	4,600.4	1,549.2	6,149.6	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	6,149.6
Total liabilities	4,668.4	1,544.3	6,212.7	; ; ; ; ; ; ; ; ; ; ; ; ; ;	6,212.7
	4,936.8	1,550.9	6,487.7	(68.3)	6,419.4

UK GAAP presented in IFRS format. Analysis of the differences between these amounts and the published results are shown on pages 58 to 62. (1)

Detailed analysis of the statutory basis adjustments is given on pages 10 to 37. (2) Detailed analysis of the proforma basis adjustments is given on pages 38 to 54. (3)

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Introduction

This section presents the Group's results for the year ended 30 September 2005 restated on the basis which will be used to prepare comparative information for that year for inclusion in its financial statements and interim report for the year ending 30 September 2006 (the 'Statutory Basis'). It is prepared in accordance with IFRS 1 - 'First Time Adoption of International Financial Reporting Standards' and other relevant standards expected to apply as at 30 September 2006. The financial information for the year ended 30 September

auditors. The financial information for the six months ended 31 March 2005 has been reviewed by the Group's auditors. Their audit and review opinions are set 2005 and the balance sheet at 1 October 2004 have been audited by the Group's out on pages 21 to 24.

Market News

The Board acknowledges its responsibility for the preparation of the preliminary Financial Reporting Standards and Interpretations expected to be effective, and IFRS information, which has been prepared in accordance with the International the policies expected to be adopted, when the Group prepares its first annual financial statements on an IFRS basis for the year ending 30 September 2006.

Basis of Preparation

Reporting Standards and Interpretations which will be effective and endorsed by instruments, as the Group will apply those standards with effect from 1 October The Group is required to prepare its consolidated financial statements for the as-permitted-by-FFRS-1, the-information-in-this-section-has-not-been prepared date of this document which are intended to be in force on this date. However prepared this information on the basis of all such standards in issue at the customers and borrowings) are accounted for under UK GAAP as applied in the the European Union ('EU') as at 30 September 2006. The Group has therefore accordance with IAS 32 and IAS 39, the standards which deal with financial 2005. Instead, in this section, financial instruments (including loans to year ending 30 September 2006 in accordance with International Financial 3roup accounts for the year ended 30 September 2005.

The preliminary IFRS Financial Information is based on the statutory financial statements for the year ended 30 September 2005, which were approved by the Board on 23 November 2005. In accordance with IFRS 1 there have been no adjustments to the estimates made at the time of the preparation of the statutory financial statements. As this preliminary financial information is based upon the Group's present understanding of the requirements of IFRS, it is possible that amendments may be required before its inclusion in the financial statements for the year ending 30 September 2006 in the light of any revisions or changes to the Standards or to guidance and consensus on the application or interpretation of IFRS, or in the emerging best practice.

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

IFRS 1 Exemptions

in compliance with IFRS and, in general, to apply them retrospectively in determining the opening IFRS balance sheet at its date of transition, 1 October IFRS 1 sets out procedures which the Group must follow when it adopts IFRS for statements. The Group is required to determine appropriate accounting policies the first time as the basis of preparation of its consolidated financial 2004. IFRS 1 provides a number of optional exemptions to this general principle. Those being adopted by the Group are described below.

Business Combinations

ð recalculation of the goodwill arising on any of the Group's acquisitions, all combinations that took place before the date of transition. Therefore no The Group has elected not to apply IFRS 3 retrospectively to business which occurred before 1 October 2004, has taken place.

Share based payment

share-based payment transactions granted after 7 November 2002 and not vested at The Group has elected to apply IFRS 2 - 'Share-based Payment' only to 1 January 2005.

Financial Instruments

- 'Financial Instruments: Recognition and Measurement' to be applied with IFRS 1 allows IAS 32 - 'Financial Instruments: Disclosure and Presentation' and under UK GAAP, as applied in the Group accounts for the year ended 30 September reported in the financial statements for the year ended 30 September 2005. The effect from 1 October 2005, without retrospective restatement of the balances instruments (including loans to customers and borrowings) are accounted for Group has taken advantage of this exemption, and in this section financial IAS 39

Accounting policies

Group's financial statements for the year ended 30 September 2005, are described shown on pages 33 to 37. The key changes to policies, and their impacts on the The Group's accounting policies have been revised to comply with IFRS and are

below and their effects shown in the tables on pages 16 to 20.

corporation Where it is expected that a tax charge or credit will arise from the adjustment, tax in the UK. This is shown in the tables in the column showing the adjustment provision for deferred tax is made at 30%, being the present rate of on which the charge or credit arises.

Goodwil1

οŧ IFRS does not recognise the concept of negative goodwill. It therefore requires through opening reserves on transition to IFRS. Negative goodwill of £14.0m at recognised in the income statement, reducing the operating profit for the year consideration in an acquisition is written off immediately. Under UK GAAP the Group has carried a negative goodwill balance, which arose on the acquisition Mortgage Trust in 2003, on its balance sheet which must therefore be released ended 30 September 2005 by £4.1m, and that for the six months ended 31 March that any excess of the fair value of assets acquired over the fair value of 30 September 2004 will be released and no benefit from amortisation will be

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Pensions

benefit pension scheme be carried as a liability on the balance sheet. The Group has elected to adopt the provisions of the standard allowing actuarial gains or IAS 19 - 'Employee benefits' requires that the deficit on the Group's defined losses on the scheme to be recognised directly in equity and shown in the Statement of Recognised Income and Expenditure. Using this option, the accounting required by the international standard is very similar to that required by FRS 17 under UK GAAP. Disclosures relating to this calculation have been made in the Group accounts since 2001.

of The adjustment shown in the opening balance sheet represents the recognition the pension scheme deficit at 30 September 2004 of £14.3m and the associated deferred tax asset of £4.3m, producing a reduction in reserves of £10.0m. The effect on the profit and loss account represents the reversal of the charge under SSAP 24 and its replacement with the charge required by IAS 19. A related

tax credit has also been recognised. No actuarial gain or loss arose in the year ended 30 September 2005.

Dividend

Under IAS 10 - 'Events After the Balance Sheet Date', proposed dividends are not General Meeting, whereas under UK GAAP such amounts are normally accrued in reflected in the accounts until approved by the shareholders at the Annual period to which they relate.

closing reserves and will be accounted for in the year ending 30 September 2006. The final dividend for the year ended 30 September 2004, which was approved at reserves at 31 March 2005 and accounted for in the second half year. The final the Annual General Meeting on 9 February 2005, has been added back to opening dividend proposed for the year ended 30 September 2005 has been added back to reserves at 1 October 2004 and accounted for in the year ended 30 September 2005. The interim dividend paid in July 2005 has also been added back to

Share based payment

accounting for which is already in accordance with the International Standard Under IFRS 2 the Group will recognise an expense in respect of share options recognised for the other share-based remuneration arrangements, the UK GAAP granted under the Sharesave scheme in the same way as such expenses are

Lease

The provisions for determining whether a lease should accounted for as a finance lease under IFRS are different from those under UK GAAP. Consequently the sale and lease-back transaction on the Group's former freehold property in Solihull falls to be treated as a finance lease under IFRS.

This requires the building to be re-instated in fixed assets, a finance lease creditor to be recognised, and the £2.5m profit on sale to be spread over the deferred tax arose from the initial recognition of the property asset and the lease term. No deferred tax is provided on this adjustment as the potential associated lease creditor.

profit for the six months ended 31 March 2005 by £0.2m. This is a result of the This change reduces profit for the year ended 30 September 2005 by £0.4m and charging of finance lease interest and depreciation rather than the rent payable. The annual impact of this change will reduce in future periods.

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

The balance sheet adjustments arising from the change in treatment for this property are shown in the table below.

IFRS adjustments for building lease 30 September 2005, 31 March 2005 and 1 October 2004 (4.4)1 October 2004 12.2 14.6 15.0 31 March 2005 (4.9)11.7 14.5 14.8 11 11 11 30 September 2005 £m (5.3)11.3 16.60.4 14.3 14.7 Property, plant and equipment Unamortised profit on sale Accumulated depreciation Finance lease liability Net book value Non-current Current

Presentation

The financial information in this document is presented in accordance with the balance sheet and the IFRS income statement and balance sheet are shown in the presentational differences between the UK GAAP profit and loss account and requirements of IAS 1 - 'Presentation of Financial Statements'. The appendix to this document.

Significant presentational changes are;

• Intangible assets

integral to a related item of hardware, should be included as an intangible IAS 38 - 'Intangible Assets' provides that computer software, unless it is asset. This balance would be included within 'Tangible Fixed Assets' under UK GAAP. The computer software carried in the balance sheet of the Group had net book value as shown below;

1 October €m 3.1 March 2005 30 September 2005 Еm Computer software Net book values

2004

(1.3)1.6 £m (1.4)1.7 (1.0)1.3 0.3 Accumulated depreciation Net book value

Page 14

2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Linked presentation

their loan assets and funding shown using a linked presentation. Under IFRS means that the loan assets of those companies are included with the Group's Mortgage Trust were accounted for as quasi-subsidiaries of the Group, with Financial Assets, their cash balances are included with those of the Group and the related funding is included within Financial Liabilities, whereas these companies are required to be consolidated as if they were true subsidiaries by SIC-12 'Consolidation - Special Purpose Entities'. This Under UK GAAP certain securitisation vehicle companies acquired with under UK GAAP the net of these balances was shown in fixed asset investments.

The balances reanalysed are shown in the table below;

Reanalysis of linked presentation items

	30 September	31 March 1 October	1 October	
	2005	2005	2004	
	£m	£m	£m	
Loans to customers	1,030.8	1,244.5	1,458.4	
Included in financial assets under IFRS				
Cash and investment balances	85.2	7.96	99.3	
Included in cash and cash equivalents				
under IFRS				
i	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Assets subject to non recourse finance	1,116.0	1,116.0 1,341.2 1,557.7	1,557.7	
Non-recourse finance	(1,075.2)		(1,297.8) (1,520.3)	
Included in financial liabilities				

• Tax assets and liabilities

37.4

40.8

Net investment Included in investments under UK GAAP

under IFRS

IAS 1 requires that deferred and current tax assets and liabilities are shown on the face of the balance sheet, where under UK GAAP these balances would generally be shown in the notes to the accounts.

Tax amounts included within other balances under UK GAAP and shown separately under IFRS are as follows;

Reanalysis of tax balances

30 September		March	31 March 1 October
20	2005	2005	2004
	£m	£m	£m
Tax debtors	1.1	1.2	1.2
Included in debtors under UK GAAP			
	12.9	13.6	7.7
Included in creditors: amounts falling within			
one year under UK GAAP			
Deferred tax	0.7	2.1	2.1
Included in provisions under UK GAAP			
15 15 15 15 15 15 15 15 15 15 15 15 15 1	11		
	1	! ! !	

Page 1

2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

• Financial Liabilities

overdrafts', 'Asset backed loan notes' and 'Corporate bond' is shown on the balance sheet, where under UK GAAP these balances would generally be shown disclosed in the financial statements under UK GAAP as 'Bank loans and IAS 1 requires that financial liabilities are shown on the face of the in the notes to the accounts. Accordingly the total of the amounts face of the balance sheet under IFRS. The reanalysis of the creditor balances shown in the notes to the UK GAAP accounts is shown below;

Reanalysis of creditor balances

2004 £m 1 October 31 March 2002 2005 30 September Amounts falling due within one year

0.7

Bank loans and overdrafts

IFRS
under
liabilities
financial
9
Shown

Corporation tax Shown separately under IFRS Proposed dividend **Recruals** Shown as other payables under IFRS UK GAAP creditors falling due within one year **Interpretation in the image in the im	13.6 7.7 6.3 6.8 57.2 50.7 63.5 57.5 77.8 66.4
	3,69
	3 2 6 1
	!
)f !
Amounts falling due after more than one year Asset backed loan notes Corporate bond Bank loans Asset backed 1,149.8 118.2 990.5 816.0	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Shown as financial liabilities under_IFRS5,595,34,965.8 Accruals Shown as other payables under IFRS	965.84,591.6- 1.6
UK GAAP creditors falling due after more 5,596.9 4,967.4	967.4 4,593.6

Segmental Reporting

Under IAS 14 the Group will be required to provide segmental information on each of its principal business areas. Having reviewed the Group's operations in the light of the requirements of the Standard, the Board has concluded that the segments which will be reported upon will be Buy-to-Let Mortgage Lending, Consumer Lending, including the Secured Lending, Car Finance and Retail Finance businesses, and other lending operations, which will principally comprise the closed books.

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Analysis of adjustments to the Income Statement - Statutory basis Year ended 30 September 2005

Market News

	UK GAAP	Goodwill	Pensions D	Dividend	Share based	Leases	Presentation		Statutory basis
e.	£m	£m	£m	ЕЩ	payment £m	£m	£m	adjustments £m	£m
Interest receivable	484.4	. 1	1.4	t	1	1			485.8
	(387.5)	•	(1.9)	t	ŀ	(1.4)	-	(3.3)	
Net interest income	96.9		(0.5)		: : : : : : : : : :	(1.4)		(1.9)	0.36 (
Other operating income	35.9	t	1	ı	1	2.0	1	2.0	
Total operating income	132.8	! ! ! ! ! ! ! ! ! ! !	(0.5)	- E	1		• • • • • • • • • • • • • • • • • • •	0.1	
Operating expenses	(44.2)	ı	0.2	1	(0.2)	(1.0)	-	(1.0)	(45.2)
.Impairment—losses	(-1-2 9-)) :				- -			(15.
	72.7	1	(0.3)		(0.2)	(0.4)		(6.0)	71.8
Amortisation of goodwill	4	(4.1)	1	1	ı	í	1	(4.1	1
Operating profit before	76.8	(4.1)	(0.3)		(0.2)	(0.4)		(5.0)	71.8
raxation Taxation	(16.1)	I	0.1	I	1	ı		0.1	(16.0)
Operating profit after taxation	60.7	(4.1)	(0.2)	; ; ; ; ; ; ;	(0.2)	(0.4)	1	(4.9)	55.8

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Analysis of adjustments to the Balance Sheet - Statutory basis 30 September 2005

	UK GAAP	Goodwill	Pensions	Dividend	Share	Leases	Presentation	Statutory	Statutory basis
	£m	£m	£m	£m	payment £m	£m	£m	adjustments £m	£m
Non-current assets Intangible assets	(6.6)	6.6	l	ı	ι	1 .	0.3	10.2	0.3
Froperty, plant and equipment	8.7	I	1	I	t	11.3	(0.3)	11.0	19.7
rinancial assets Deferred tax asset	5,53	1 4	4.4	I 1	0.1	l i	990.0	990.0	6,528.7
	5,537.5	6.6	4.4	; ; ; ; ; ; ;	0.1	11.3	991.2	1,016.9	6,554.4
Current assets Other receivables	7.8					ı	(1.2)	(1.2)	9
—Cash—and—cash— ···· equivalents	445.2	 	1	1 1 1	ł	t	85.2	85.2	530.4
	1 !	; ; ; ; ; ; ; ; ; ; ; ;	1 1 1 1 1 1 1] ! ! 	1 1 1 1 1 1 1 1	; ; ; ; ; ; ;	84.0	84.0	537.0
Total assets	5,990.5	 	4.4		0.1	11.3	1,075.2	1,100.9	7,091.4
Equity shareholders' funds									# # # # # # # # #
Share capital	12.1	ı	ı	1	1	ı	I	1	12.1
Share premium	70.2	1	ı	1	1	ı	ı	ı	70.2
Merger reserve	(70.2)	(ı	1	ı	ı	ı	ı	(70.2)
account	318.7	6.6	(10.2)	8.	8 1.4	(5.1)	ı	4.8	323.5
Share capital and reserves Own shares	1	6.6	(10.2)	8.8	3 1.4	(5.1)		4.8	335.6 (22.8)
	308.0	6.6	(10.2)	8 . 8	3 1.4	(5.1)		4.8	312.8
Current liabilities Financial liabilities			: 1		1	0.4	0.5	6.0	6.0

12.9 12.9 12.9 81.7 - (8.8) (1.3) 1.7 (13.4) (21.8) 59.9	81.7 (8.8) (1.3) 2.1 (8.0) 73.7	- 14.3 6,670.5 6,684.8 6,684.8	0.7		2.8 (0.7) (0.7) 2.1		8 - 14.6 - 14.3 1	30.5 9.9 4.4 - 0.1 11.3 1.075.2 1.100.9 7.091.4
81.7	!		1	1	2.8	5,598.0	5,600.8	5,990.5
Current tax liabilities Other liabilities			Deferred tax liability Retirement benefit	obligations	Provisions	Other liabilities	i i	

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Analysis of adjustments to the Income statement - Statutory basis Six months ended 31 March 2005

Net interest

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income	46.0	1	(0.2)	ı	ī	(0.7)		1	(6.9)	45.1
operating income	17.0	1	1	ì	1	1.0		1	1.0	18.0
Total operating income	63.0	ı	(0.2)	ŀ	,	0.3			0.1	63.1
operating expenses	(20.6)	.1	0.1	ı	(0.1)	(0.5)		ı	(0.5)	(21.1)
losses		1	ı	1	I (1		1	ı	(8.5)
	33.9	1 1 1 1 1 1 1 1 1 1	(0.1)	; ; ; ; ; ; ;	(0.1)	(0.2)	1 1 1 1 1 1 1		(0.4)	33.5
Amortisation of goodwill	2.2	(2.2)	1	1	1 1	 			(2.2)	F 1 1 1 1 1 1 1 1 1
Operating profit before	36.1	(2.2)	(0.1-)		_(T:0)-	(0.2)			(2.6)	33.5
taxation	(2.6)	ı		ſ	ł	· I		ł)	(2.6)
Operating profit after taxation	28	(2.2)) !		(0.1)	(0.2)] }]] 	(2.6)	25.9
		1								

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Analysis of adjustments to the Balance Sheet - Statutory basis 31 March 2005

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				À					
	UK GAAP	Goodwill	Pensions	Dividend	Share based	Leases	Presentation	Statutory basis	Statutory basis
	£m	£m	£m	£m	payment	£m	шз	adjustments £m	£m
Non-current assets									
Intangible assets	(11.8)	11.8	ı	I	ţ		0.3	12.1	0.3
Property, plant and equipment	9.1	ı	1		ı	11.7	(0.3)	11.4	20.5
rinanciai assets	4,885.9	1	I	t	t	l	1,201.1	1,201.1	6,087.0
Delerred tax asset		1	4.4	t	0.1	ı	1.2	5.7	
	4,883.2	11.8	4.4		0,1	11.7	1,202.3	1,230.3	6,113.5
Current				.					
Other receivables	7.6	 	1	į	i	t	(1.2)	(1.2)	6.4
equivalents	452.5	1	į	ı	t	ı	7.96.7	7.96	6
	460.1				1 3 1	t t t t t t t t t t t t t t t t t t t	95.5	95.5	555.6
Total assets	5,343.3	11.8	4.4	1 1 1 1 1 1 1 1 1 1		11.7	1,297.8	1,	6,669.1
Equity shareholders' funds		 } }	#)) } f			!! !!
Share	12.0	i	1	•	1	•		ı	12.0
capitai Share	69.5	1	1	1	ı	ı	1	1	69.5
Merger	(70.2)	ı	ı	•	•	١	1	ı	(70.2)
Profit and loss account	293.8	11.8	(10.1)	6.3	6.0	(4.9)	1	4.0	297.8
Share capital] } ! ! ! ! ! !	1 1 1 1 1 1 1 1	1 F B 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 4 9 7 7 7 1	

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≥

(13.8)	295.3	1.0	13.6	59.3	73.9		6,278.1	2.1	14.5	2.8	6,299.9	6,669.1
) 	4.0	1.0	13.6	(19.6)	(5.0)		6,278.1	2.1	14.5 (2.1)	(4,965.8)	1,326.8	1,325.8
1	1	0.7	13.6	(14.3)			6,263.6	2.1	(2.1)	(4,965.8)	1,297.8	1,297.8
1	(4.9)	0.3	T.	1.8	2.1		14.5	•	1 1	1	14.5	11.7
. 1 . 1 .	6.0	ı	ı	(0.8)	(0.8)		 	1	1 1	1	; ; ; ; ; 1 (((1	0.1
1	6.3	1	f	(6.3)	(6.3)			1	1 1	ı	1	
	(10.1)	1	í	ı			 - -	1	14.5	1	14.5	4.4
. I	11.8	i	ſ	ı			1	ı	1 1	ţ	 	11.8
(13.8)	i	ı	l	78.9	78.9		 - - - -	ı	. t.	4,968.6	4,973.1	5,343.3
Own shares		Current liabilities Financial liabilities	Current tax liabilities	Otner liabilities	, '	Non-current liabilities Financial	-liabilities-	liability Retirement	benefit obligations Provisions	Other liabilities		i II

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Analysis of adjustments to the Balance Sheet - Statutory basis 1 October 2004

Statutory basis	£m	0.3	21.4	5,950.9	5,978.3		501.8	509.4	6,487.	0 0 0 0 1 1 1 1 1 1 1 1 1	12.0	68.8
Statutory basis	adjustments £m	14.3	11.9	1,421.0	1,452.9	(1.3)	99.3	0.86	1,550.9	. 11 11 11 11 11 11 11 11 11 11 11 11 11	į	
Presentation	£m	0.3	(0.3)	1,421.0	1,422.3	(1.3)	6	0.86	1,520.3	57 19 19 19 19 19 19 19 19 19 19 19 19 19	1	
Leases	£m	ı	12.2	1 1	12.2	; ; ; ; ; ; ; ;	1	1 1 1 1 4 5 1 1	12.2	11 11 11 11 11 12 13 14 11	1	
Share based	payment £m	ı	ı	0.1	0.1	1 1 1 1 1 1 1	ı	1 1 1 1 1 1 1	0.1	11 UU 10 10 10 10 10 11 11 11 11	ı	
Dividend	E E	•	t	 		; ; ; ; ; ; ; ;	I	1 5 7		AL TO THE PROPERTY OF THE PROP	ı	
Pensions	£m	ı	1	4.3	4.3		1	 	4.3	N. 10 10 10 10 10 10 10 10 10 10 10 10 10	r	1
Goodwill	£m	14.0	ı	 	14.0		ı	1 1 1 1 1 1 1 1 1 1		## ## ## ## ## ## ## ## ## ## ## ## ##	1	1
UK GAAP	£m	(14.0)	6.5	4,529,-9	4,525.4	6 1 1 1 8 1 1	402.5	411.4	4,936.8		12.0	8.89
	Non-current	assets Intangible assets Property,	plant and equipment Financial	Deferred tax			Cash and cash equivalents	•	Total assets	y holders'	Share	Share

06/03/2006

(70.2)	276.7	287.3 (12.3)	275.0	1.6	7.7	53.8	63.1		6.5	2.1	14.3 3.5	3.2	9.6	7.7	
(7	27	28	275.0		-	53	9	 	6,126.5	••	ਜੇ ''	\$** !	6,149.6	6,487	
1	6.6	9.9	9.9	1.6	7.7	(14.2)	(4.9)		6,126.5	2.1	14.3 (2.1)	(4,591.6)	1,549.2	1,550.9	
ı		1 1		1.2	7.7	(8.9)			6,111.9	2.1	(2.1)	(4,591.6)	1,520.3	1,520.3	
į	(4.7)	(4.7)	(4.7)	0.4	ı	1.9	2.3		14.6	1	l I	1	14.6	12.2	
ı	0.5	0.0	0.0	1	1	(0.4)	(0.4)		•	t	1 1			0.1	
1	6.8	8 1	9 9	ı	ı	(6.8)	(6.8)		1	I	1 1	1	; ;		
1	(10.0)	(10.0)	(10.0)	1	1		F		ı	ı	14.3	t	14.3	4.3	
ı	14.0	14.0	14.0	1	ı	1	1		1	ı	l I	ř	1	14.0	
(70.2)	270.1	280.7 (12.3)	268.4	ı	ı	6-8-0	9		ì	I	5.	4,594.8	4,600.4	8	
premium Merger reserve	Profit and loss account	Share capital and reserves Own shares	1 (Current tax liabilities Other	-l-iabi-l-ities		Non-current liabilities Financial	liabilities	liability Retirement	benefit obligations Provisions	Other liabilities		r tl	

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Opinions of the Group Auditors - Deloitte & Touche LLP

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THE PARAGON GROUP OF COMPANIES PLC ON THE PRELIMINARY OPENING AND COMPARATIVE IFRS BALANCE SHEETS

The Paragon Group of Companies PLC at 1 October 2004 and 30 September 2005, the statement of recognised income and expense for the year ended 30 September 2005 We have audited the preliminary opening and comparative IFRS balance sheets of and-the-related-notes-(together-the-Preliminary-IFRS-Financial-Information') income statement for the year ended 30 September 2005, the consolidated set out on pages 25 to 28 and pages 33 to 37. This report is made solely to the Board of Directors, in accordance with our engagement letter dated 25 November 2005 and the addendum dated 30 January 2006 directors those matters we are required to state to them in an auditors' report and solely for the purpose of assisting with the transition to IFRS. Our audit accept or assume responsibility to anyone other than the company for our audit and for no other purpose. To the fullest extent permitted by law, we do not work has been undertaken so that we might state to the company's board of work, for our report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

which describes how IFRS will be applied under IFRS 1, including the assumptions its first complete set of IFRS financial statements as at 30 September 2006. Our the directors have made about the standards and interpretations expected to be Preliminary IFRS Financial Information on the basis set out on pages 33 to 37, effective, and the policies expected to be adopted, when the company prepares The company's directors are responsible for ensuring that the Company and the accordance with relevant United Kingdom legal and regulatory requirements and Group maintains proper accounting records and for the preparation of the responsibility is to audit the Preliminary IFRS Financial Information in

IFRS Financial Information is prepared, in all material respects, on the basis auditing standards and report to you our opinion as to whether the Preliminary set out on pages 33 to 37.

Market News

Basis of audit opinion

issued by the Auditing Practices Board. An audit includes examination, on a test Preliminary IFRS Financial Information and of whether the accounting policies of evidence relevant to the amounts and disclosures in the Preliminary IFRS Financial Information. It also includes an assessment of the significant We conducted our audit in accordance with United Kingdom auditing standards are appropriate to the circumstances of the group, consistently applied and estimates and judgements made by the directors in the preparation of the adequately disclosed.

fraud-or-other-irregularity-or-error.-In forming-our-opinion,-we-also-evaluated the overall adequacy of the presentation of information in the Preliminary IFRS Financial Information is free from material misstatement, whether caused by We planned and performed our audit so as to obtain all the information and sufficient evidence to give reasonable assurance that the Preliminary IFRS explanations which we considered necessary in order to provide us with Financial Information.

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2005 FINANCIAL INFROMATION - IFRS STATUTORY BASIS

income statement, statement of changes in equity, cash flow statement, together with comparative financial information and explanatory notes, can provide a fair presentation of the company's financial position, results of operations and cash Financial Information may require adjustment before constituting the final IFRS Without qualifying our opinion, we draw attention to the fact that pages 33 to IFRSs, only a complete set of financial statements comprising a balance sheet, 37 explain why there is a possibility that the accompanying Preliminary IFRS Financial Information. Moreover, we draw attention to the fact that, under flows in accordance with IFRSs.

Opinion

IFRS will be applied under IFRS 1, including the assumptions the directors have In our opinion the Preliminary IFRS Financial Information is prepared, in all material respects, on the basis set out on pages 33 to 37 which describes how

made about the standards and interpretations expected to be effective, and the policies expected to be adopted, when the company prepares its first complete set of IFRS financial statements as at 30 September 2006.

Deloitte & Touche LLP Chartered Accountants Birmingham 21 February 2006 age 23

2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

COMPANIES PLC ON THE PRELIMINARY COMPARATIVE FINANCIAL INFORMATION FOR THE SIX INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF THE PARAGON GROUP OF MONTHS ENDED 31 MARCH 2005 We have reviewed the accompanying preliminary International Financial Reporting Companies PLC ("the Company") and its subsidiaries (together, "the Group") for Standards (IFRS) consolidated financial information of The Paragon Group of the six months ended 31 March 2005 which comprises the consolidated income inclusive (hereinafter referred to as "preliminary financial information") statement, the consolidated balance sheet, the consolidated statement of recognised income and expense and related notes set out on pages 29 to 37

to express an opinion on this preliminary IFRS comparative financial information set of IFRS financial statements as at 30 September 2006. Our responsibility is accordance with the basis set out pages 33 to 37 which describe how IFRSs have directors. It has been prepared as part of the Company's conversion to IFRS in This preliminary financial information is the responsibility of the Company's policies expected to be adopted, when the company prepares its first complete been applied under IFRS 1, including the assumptions the directors have made about the standards and interpretations expected to be effective, and the based on our review.

permitted by law, we do not accept or assume responsibility to anyone other than Our review report is made solely to the Company in accordance with Bulletin 1999 we might state to the Company those matters we are required to state to them in /4 issued by the Auditing Practices Board. Our work has been undertaken so that the Company, for our review work, for this report, or for the conclusions we an independent review report and for no other purpose. To the fullest extent



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Review work performed

information and underlying financial data and, assessing whether the accounting oţ verification of assets, liabilities and transactions. It is substantially less Auditing Practices Board. A review consists principally of making enquiries In scope than an audit performed in accordance with United Kingdom auditing disclosed. A review excludes audit procedures such as tests of control and management and applying analytical procedures to the preliminary financial standards and therefore provides a lower level of assurance than an audit. policies and presentation have been consistently applied unless otherwise We conducted our review in accordance with Bulletin 1999/4 issued by the Accordingly, we do not express an opinion on the preliminary financial information.

Emphasis of matter

preliminary_financial_information-may_require-adjustment_before_constituting_the final IFRS comparative information for the six months ended 31 March 2005. of financial statements comprising an income statement, balance sheet, statement Moreover, we draw attention to the fact that, under IFRSs, only a complete set of changes in equity, cash flow statement, together with comparative financial Group's financial position, results of operations and cash flows in accordance Without modifying our review conclusion, we draw attention to the fact that information and explanatory notes, can provide a fair presentation of the pages 33 to 37 explain why there is a possibility that the accompanying

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Review conclusion

should be made to the preliminary financial information for the six months ended On the basis of our review we are not aware of any material modifications that 31 March 2005 which has been prepared in accordance with the basis set out on pages 33 to 37.

Chartered Accountants Deloitte & Touche LLP Birmingham

21 February 2006

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Consolidated Income Statement - Statutory basis Year ended 30 September 2005

IFRS S	IFRS Statutory basis	UK GAAP
Year ended	nded	Year ended
30 Sep	30 September 2005	30 September 2005
	£m	£m
Interest receivable	485.8	484.4
Interest payable		
-and-simi-tar-charges	(3.90.8.)	(387.5)
Net interest income	95.0	96.96
Other operating income	37.9	35.9
Total operating income	132.9	132.8
Operating expenses	(45.2)	(44.2)
Provisions for losses	(15.9)	(15.9)
	71.8	72.7
Amortisation of goodwill	1	4.1
Operating profit being profit on ordinary activities before taxation	71.8	76.8
Tax charge on profit on ordinary activities	(16.0)	(16.1)
Profit on ordinary activities after taxation for the financial year	55.8	7.09
	# # # # # # # # # # # # # # # # # # #	
Earnings per share	,	
- basic	48.9p	53.3p

- diluted

46.9p

51.1p

The results for the year relate entirely to continuing operations.

UK GAAP profit and loss accounts are presented in accordance with IFRS format.

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Consolidated Balance Sheets - Statutory basis 30 September 2005 and 1 October 2004

	IFRS Statutory basis	tory basis	UK (UK GAAP
	30	ч	30	1
	September	October	September	October
	2005	2004	2005	2004
	£m	£m	£m	£m
Assets employed				
Non-current assets				
Intangible assets	0.3	0.3	(6.6)	(14.0)
Property, plant				
and equipment	19.7	21.4	8.7	9.5
Financial assets	6,528.7	5,950.9	5,538.7	4,529.9
Deferred tax assets	5.7	5.7	t	J
	6,554.4	5,978.3	5,537.5	4,525.4
Current assets	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Other receivables	9.9	7.6	7.8	8.9
Cash and cash				
equivalents	530.4	501.8	445.2	402.5
	537.0	509.4	453.0	411.4

Page 37 of 75

	7,091.4	6,487.7	5,990.5	4,936.8
Financed by Equity shareholders'		H H H H H H H H H H H H H H H		
Called-up share capital	12.1	12.0	12.1	12.0
Share premium account	70.2	68.8	70.2	68.8
Merger reserve	(70.2)	(70.2)	(70.2)	(70.2)
Profit and loss account	323.5	276.7	318.7	270.1
Share capital	: : : : : : : : :	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	r F 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	t t t 1
and reserves	335.6	287.3	330.8	280.7
Own shares	(22.8)	(12.3)	(22.8)	(12.3)
	312.8	275.0	308.0	268.4
Current liabilities	 			
Financial liabilities	6.0	1.6	1	1
Current tax liabilities	12.9	7_7	 	
Other liabilities	59.9	53.8	81.7	68.0
	73.7	63.1	81.7	68.0
Non-current liabilities	1			
Financial liabilities	6,684.8	6,126.5	•	ł
Deferred tax liability	0.7	2.1	1	ı

UK GAAP balance sheets are presented in accordance with IFRS format.

5,990.5

6,487.7

7,091.4

5.6

4,600.4

5,600.8

6,149.6

6,704.9

5,598.0

14.3 3.5 3.2

14.6 2.1 2.7

Retirement benefit

obligations Provisions Other liabilities Page 27

2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

basis	
Statutory	
- 1	
Expense	
and	
Income	
Recognised	55
of 1	200
Consolidated Statement of Recognised Income and Expense - Statutory basis	Vear ended 30 September 2005
יס	30
olidate	ended
Consc	Vear

IFRS Statutory basis Year ended 30 September 2005	TK GAAP
Year ender 30 September 2005	
30 September 2005	Year ended
2005	30 September
	5 2005
£M	n £m
Profit for the period 55.8	3 60.7
Actuarial gain / (loss) on pension	ı
deficit	
Tax on items taken directly to equity	•
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Total recognised income and expense	
for the period 55.8	60.7

Consolidated Reconciliation of Movements in Equity - Statutory basis Year ended 30 September 2005

UK GAAP Year ended 30 September 2005 Em		60.7	(14.4)	(10.5)		2.3		1.5
IFRS Statutory basis Year ended 30 September 2005 Em		55.8	(12.4)	(10.5)		2.3		2.6
	Total recognised income and expense	for the period	Dividends	Net movement in own shares	Surplus on transactions	in own shares	Charge for share	based payments

Total movements in

ews
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-

37.8 39.6 275.0 268.4	312.8		
equity in the period Opening equity	Closing equity	7 (1) 1.	

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Earnings per share

The basic earnings per share figures have been calculated by dividing the profit attributable to shareholders by the weighted average number of shares outstanding during the period. For the year ended 30 September 2005 the weighted average number of shares outstanding was 114.1 million.

The diluted earnings per share figures have been calculated by adjusting the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. For the year ended 30 September 2005 the adjusted weighted average number of shares outstanding was 119.0 million.

Neither of the above numbers of shares is affected by the transition to IFRS

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Consolidated Income Statement - Statutory basis Six months ended 31 March 2005

	LFRS Statutory Dasis	OK GAAP	
	Six months ended 31 March	Six months ended 31 March	
	2005	2005	
	£m	щ 3	
Interest receivable	241.6	240.9	
Interest payable			
and similar charges	(196.5)	(194.9)	

Net interest income Other operating income		46.0
Total operating income Operating expenses Provisions for losses	63.1 (21.1) (8.5)	63.0 (20.6) (8.5)
Amortisation of goodwill	in in	33.9
Operating profit being profit on ordinary activities before taxation	33.5	36.1
ordinary activities	(7.6)	(7.6)
Profit on ordinary activities after taxation for the financial year	28.5	28.5
Earnings per sharebasic - diluted	22.7p	24.9p

The results for the year relate entirely to continuing operations.

UK GAAP profit and loss accounts are presented in accordance with IFRS format.

Page 30 2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Consolidated Balance Sheets - Statutory basis

31 March 2005

IFRS Statutory basis

UK GAAP

snd equipment (0.3) nd equipment (0.3) ts (0.3) ts (0.3) tes (0.3) to (31 March	31 March
and equipment ts 0.3 0.3 nd equipment ts (0.3) (0.4) (0.13.5) (0.113.5) (0.113.5) (0.113.5) (0.113.5) (0.113.5) (0.113.5) (0.113.5) (0.113.6) (0.113		2005	2005
s 0.3 nd equipment 6,087.0 4,15 5.7 4,15 5.7 6,113.5 6,4 4,15 6,113.5 6,4 4,15 6,113.5 6,4 4,15 6,113.5 6,4 4,15 6,113.5 6,4 4,15 6,113.5 6,4 4,15 6,113.5 6,4 4,15 6,113.5 6,4 4,15 6,113.5 6,4 4,15 6,113.5 6,113.5 6,113.6 1,114.5 6,278.1 1,114.5 6,278.1 1,114.5 6,278.1 1,114.5 6,278.1 1,114.5 6,278.1 1,114.5 6,278.1 1,114.5 6,278.1 1,114.5 6,278.1		ξm	£m
0.3 20.5 6,087.0 4,8 6,113.5 6,113.5 6,669.1 12.0 69.5 70.2) 297.8 309.1 (13.8) 295.3 73.9	Assets employed		
nd equipment	urrent assets		
nd equipment 6,087.0 4, ts 5.7 ivalents 6,113.5 4, ivalents 6,113.5 4, ivalents 6,113.5 6,4 ivalents 6,113.5 6,6 ivalents 70.2) ccount 6,00.1 5,7 ccount 70.2) ccount 70.2 ccount 70.2 ities 110 lities 13.6 lities 59.3 lities 6,278.1	assets	6.0	(8.11)
ts funds apital	plant and	20.5	1.6
rs funds apital 6,69.1 55.7 count reserves 12.0 297.8 count (13.8) 295.3 ties 11.0 11.0 11.0 11.0 11.0 11.0 11.0 11.		6,087.0	4,885.9
reserves ivalents ivalents ivalents for the stands apital apital count count reserves ities lities lities lities for 278.1 for 13.5 for 278.1	red tax assets	5.7	1
ivalents ivalents is funds apital count reserves reserves 11.0 11.0 11.0 11.0 11.0 11.0 11.0 11.1 11.0 11.0 11.1 11.0 11.1 11.0 11.1 11.1 11.0 11.1 1			C 600 F
6.4 ivalents rs' funds apital count reserves is an incompleted continues inties) 	
ivalents ivalents ivalents rs' funds apital count reserves reserves ties lities lities lities lities lities 6.4 6.4 6.669.1 6,669.1 69.5 69.5 69.5 13.8) 13.8 13.6 13.6 11.0 11ties lities fo,278.1 11th	nt assets		
ivalents ivalents rs' funds apital count reserves reserves lities	receivables	6.4	7.6
555.6 6,669.1 12.0 69.5 (70.2) 297.8 309.1 (13.8) 295.3 13.6 59.3 73.9	and cash equivalents	549.2	452.5
6,669.1 5,7 12.0 69.5 (70.2) 297.8 309.1 (13.8) 295.3 295.3 73.9 73.9		555.6	460.1
12.0 69.5 (70.2) 297.8 309.1 (13.8) 295.3 1.0 13.6 59.3 73.9		7	5.343.3
unds 1			
12.0 69.5 (70.2) 297.8 309.1 (13.8) 	nced by y shareholders' funds		
account (70.2) account 297.8 id reserves 309.1 ities 11.0 oilities 59.3 oilities 59.3 ities 59.3 ities 13.6 oilities 59.3 ities 59.3 ities 59.3	d-up share capital	12.0	12.0
berve		69.5	69.5
loss account tal and reserves tal and reserves tal and reserves (13.8) (13.8) (13.8) (13.8) (13.8) (13.8) (13.8) (13.8) (13.8) (14.0) (15.1) (15.1) (16.1) (17.1) (16.1) (17.1) (17.1) (19.1) (1	rreserve	(70.2)	(70.2)
tal and reserves abilities liabilities x liabilities t liabilities t liabilities t liabilities t liabilities t liabilities ax liabilities t ax liabilities t liabilities		297.8	293.8
abilities liabilities x liabilities ilities t liabilities t liabilities t liabilities ax liabilities t ax liabilities		309.1	305.1
295.3 1.0 13.6 59.3 73.9 73.9	3	(13.8)	(13.8)
z z z		295.3	291.3
, , , , , , , , , , , , , , , , , , ,	ent liabilities	1	# # # # # # # # # # # # # # # # # # #
, , , , , , , , , , , , , , , , , , ,	ncial liabilities	1.0	t
	ent tax liabilities	13.6	1
5.27	liabilities	59.3	78.9
6,27		73.9	78.9
6,27	current liabilities	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 2 2 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
	ncial liabilities	6,278.1	1
	Deferred tax liability	2.1	1

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4.5	4,973.1 5,343.3
2.5 4.5 8.5	F SF III
Retirement benefit obligations Provisions Other liabilities	

UK GAAP balance sheets are presented in accordance with IFRS format.

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Consolidated Statement of Recognised Income and Expense - Statutory basis ${\tt Six}$ months ended 31 March 2005

IFRS Stat	IFRS Statutory basis	UK GAAP	
Six n	Six months ended	Six months ended	
	31 March	31 March	
	2005	2005	
	£m	£m	
Profit for the period	25.9	28.5	
Actuarial gain / (loss) on pension deficit	i	ŧ	
Tax on items taken directly to equity	Ī	1	
	1 1 1 1 1 1 1 1		
Total recognised income and			
expense for the period	25.9	28.5	

Consolidated Reconciliation of Movements in Equity - Statutory basis six months ended 31 March 2005

Market. News

IFRS St	IFRS Statutory basis		UK GAAP
Six months e	Six months ended 31 March	Six months e	Six months ended 31 March
	2005		2005
	€m		£m3
Total recognised income and			
expense for the period	25.9		78 C
Dividends	(6.5)		6.07
Net movement in own shares	(1.5)		(3.0)
Surplus on transactions			(C:T)
in own shares	1.3		۲
Charge for share)		C. ᠯ
based payments	1.1		9.0
Total movements in equity	t t t 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
in the period			
Opening equity	275.0		268.4
Closing equity	295.3		291.3

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Earnings per share

The basic earnings per share figures have been calculated by dividing the profit outstanding during the period. For the six months ended 31 March 2005 this attributable to shareholders by the weighted average number of shares number was 114.2 million.

weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. For the six months ended 31 March 2005 this number The diluted earnings per share figures have been calculated by adjusting the

was 119.0 million.

Neither of the above numbers of shares is affected by the transition to IFRS.

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Accounting policies Statutory basis

and IAS 39 - 'Financial Instruments: Recognition and Measurement' have not been September 2005. Financial instruments are accounted for using the policies and Financial Reporting Standards expected to be applicable in the preparation of requirements of IAS 32 - 'Financial Instruments: Disclosure and Presentation' the Group Financial Statements for the year ending 30 September 2006, except applied in preparing the financial information relating to the year ended 30 The financial information has been prepared in accordance with International that, as permitted for the compilation of comparative information by IFRS 1 Pirst-Time-Adoption-of-International-Financial-Reporting-Standards'-the practices previously adopted under UK GAAP.

The particular policies adopted are described below.

(a) Accounting convention

The financial information is prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated accounts deal with the accounts of the Company and its subsidiaries made up to 30 September 2005. Subsidiaries comprise all those entities over which the Group has control. The results of businesses acquired are dealt with in the consolidated accounts from the date of acquisition.

In accordance with SIC 12 - 'Consolidation: Special Purpose Entities'

http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=1164771&source=RNS

)6/03/2006

companies owned by charitable trusts into which loans originated by Mortgage Trust Limited were sold as part of its securitisation programme where the Group enjoys the benefits of ownership are treated as subsidiaries.

Market News

Similarly trusts set up to hold shares in conjunction with the Group's employee share ownership arrangements are also treated as subsidiaries.

Goodwill

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Goodwill arising from the purchase of subsidiary undertakings, representing the excess of the fair values of acquired assets over the fair value of the purchase consideration, is held on the balance sheet and annually reviewed to determine whether any impairment has occurred.

Negative goodwill is written off as it arises.

As permitted by IFRS 1, the Group has elected not to apply IFRS 3 - Business Combinations' to combinations taking place before its transition_date_to_IFRS. (1_October_2004). Therefore—any-goodwill—which—was written off to reserves under UK GAAP will not be charged or credited to the profit and loss account on any future disposal of the business to which it relates.

(d) Intangible assets

Intangible assets comprise purchased computer software, which is capitalised where it has a sufficiently enduring nature. This is stated at cost less accumulated amortisation. Amortisation is provided in equal instalments at a rate of 25% per annum.

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

(e) Lease

Leases are accounted for as operating or finance leases in accordance with IAS 17 - 'Leases'. A finance lease is deemed to be one which transfers substantially all of the risks and rewards of the ownership of the asset concerned. Any other lease is an operating lease.

Rental income and costs under operating leases are credited or charged to the profit and loss account over the period of the leases.

Contract hire

(E)

Motor vehicles acquired in connection with contract hire arrangements are sold to finance houses, who lease them to customers for a predetermined period. The Group has undertaken to repurchase these vehicles at the end of the lease term.

In accordance with the requirements of IAS 17, the assets are not derecognised on the sale to the finance house and remain as the Group's assets and the consideration received is spread over the customer's lease term.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost for property held under a sale and leaseback transaction represents the sale value.

Depreciation is provided on cost in equal annual instalments over the lives of the assets. The rates of depreciation are as follows:

Short leasehold premises

Computer hardware
Furniture, fixtures and office equipment
Company motor vehicles
Motor vehicles subject to contract hire

arrangements

Over the term of the lease

Loans to customers

(P)

Loans are stated at cost, inclusive of brokers' commissions payable on origination, less provision for diminution in value.

The amount provided is an estimate of the amount needed to reduce the carrying value of the asset to its expected recoverable amount and is based on the application of formulae which take into account the nature of each portfolio, borrower payment profile and expected losses.

Interest arising on loans is recognised in the profit and loss account as it is charged to borrowers, to the extent that is expected to be recoverable. Other fee income arising from borrower accounts is recognised in 'other income' as it is charged.

This is the policy adopted under UK GAAP and will thus not be applicable in accounting for these assets from 1 October 2005.

(i) Finance lease receivables

Finance lease receivables are included within 'Loans to Customers' at the total amount receivable less interest not yet accrued, unamortised commissions and provision for doubtful debts.

Income from finance lease contracts is accounted for on the actuarial basis.

Page 35

--2005-Financeal -information---ifrs-statutory-basis-

(j) Brokers' commissions

Brokers' commissions payable on mortgage loans are amortised over an appropriate period. Unamortised commission balances are included within 'Loans to Customers'.

Brokers' commissions payable on other loans are amortised on a straight -line basis over the period of the loans to which they relate. The balances being amortised are included within 'Loans to Customers'.

Amortisation of brokers' commissions is recognised within interest payable.

This is the policy adopted under UK GAAP and will thus not be applicable in accounting for these assets from 1 October 2005.

Cash and cash equivalents

(공

Balances shown as cash and cash equivalents in the balance sheet comprise demand deposits and short-term deposits with banks with maturities of not more than 90 days.

(1) Own shares

Shares in The Paragon Group of Companies PLC held in treasury or by the trustee of the Group's employee share ownership plans are shown on the balance sheet as a deduction in arriving at total equity. Own shares are stated at cost.

Taxation

Œ

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of temporary differences. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Tax relating to items taken directly to equity is also taken directly to equity.

-(n)----- -Borrowings--

Borrowings are stated at their outstanding value less unamortised issue costs and discounts on issue. Discounts on issue of borrowings and initial costs incurred in arranging funding facilities are amortised over the period of the facility.

Finance lease payables

0

Balances due on the lease arising from the sale and leaseback of a Group property are recognised in creditors at the total amount payable less interest not yet accrued. Interest is accrued for on the actuarial basis.

The profit which arose on the sale and leaseback transaction is held in accruals and deferred income and is being credited to profit over the lease term on a straight line basis.

Financial instruments

(d)

agreements. All such instruments are used for hedging purposes to alter Derivative instruments utilised by the Group comprise currency swap, interest rate swap, interest rate option and forward interest rate

the risk profile of the existing underlying exposure of the Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts. The Group does not enter into speculative derivative contracts.

Market News

This is the policy adopted under UK GAAP and will thus not be applicable in accounting for these assets from 1 October 2005.

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

(q) Deferred taxation

Deferred taxation is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets—are—recognised—to—the—extent—that—it—is—regarded—as—probable—that they will be recovered. As required by IAS 12 - 'Income Taxes', deferred tax assets and liabilities are not discounted to take account of the expected timing of realisation.

It is assumed that all taxable IFRS transition adjustments give rise to tax adjustments to reserves at the current UK tax rate of 30%, although this has yet to be confirmed by HM Revenue and Customs.

(r) Retirement benefit obligations

The expected cost of providing pensions within the funded defined benefit scheme, determined on the basis of annual valuations by professionally qualified actuaries using the projected unit method, is charged to the profit and loss account. Actuarial gains and losses are recognised in full in the period in which they occur and do not form part of the result for the period, being recognised in the Statement of Recognised Income and Expenditure.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets at the balance sheet date.

Both the return on investment expected in the period and the expected financing cost of the liability, as estimated at the beginning of the period are recognised in the result for the period. Any variances against these estimates in the year form part of the actuarial gain or loss.

The assets of the scheme are held separately from those of the Group in an independently administered fund.

The charge to the profit and loss account for providing pensions under defined contribution pension schemes is equal to the contributions payable to such schemes for the year.

Provisions

(s)

Provisions are recognised where there is a present obligation as a result of a past event, it is probable that this obligation will result in an outflow of resources and this outflow can be reliably quantified. Provisions are discounted where this effect is material.

(t) Fee and commission income

Other income includes administration fees charged to borrowers, which are credited when the related service is performed and commissions receivable on the sale of insurances, which are taken to profit at the point at which the Group becomes unconditionally entitled to the

(u) Share based payment

In accordance with IFRS 2 - 'Share based payment', the fair value at the date of grant of awards to be made in respect of options and shares granted under the terms of the Group's various share based employee incentive arrangements is charged to the profit and loss account over the period between the date of grant and the vesting date.

As permitted by IFRS 1, only those options and awards granted after 7 November 2002 and not vested at 1 January 2005 have been restated on transition to IFRS.

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2005 FINANCIAL INFORMATION - IFRS STATUTORY BASIS

Market News

(v) Dividends

In accordance with IAS 10 - 'Events after the balance sheet date', dividends payable on ordinary shares are recognised in equity once they are appropriately authorised and are no longer at the discretion of the Company. Dividends declared after the balance sheet date, but before the authorisation of the financial statements remain within shareholders' Funds.

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Introduction

Statements. These standards will therefore be adopted with effect from 1 October As already noted under 'IFRS 1 Exemptions', the Group will not apply IAS 32 and 39-in-the-comparative-figures-to-be-published-within-the-2006-Financial----these standards on the Group's accounting for its loan balances with customers. implementation of these two standards. This includes primarily the effects of Statements, this section sets out illustrative financial information for the year ended 30 September 2005 analysing most of the changes arising from the 2005. In order to provide information comparable to the 2006 Financial

This section does not address the impact of the fair value provisions of IAS 39, which will primarily affect the accounting for those derivative contracts entered into by the Group for hedging purposes.

Basis of preparation

IAS 39 in as far as they relate to the accounting for its loans to customers and Reporting Standards and Interpretations which will be effective and endorsed by the European Union ('EU') as at 30 September 2006. In preparing this additional The Group is required to prepare its consolidated financial statements for the year ending 30 September 2006 in accordance with International Financial borrowings balances, but not those requirements related to the fair valuing of illustrative information the Group has applied the requirements of IAS 32 and derivative financial instruments. Such instruments are held by the Group for hedging purposes only, and no trading in such items takes place. IAS 39 provides specific rules under which the effect on the result of the fair value provisions of IAS 39 is mitigated in the case of for that year potentially misleading. Hence these provisions are ignored for the instruments held for hedging purposes; however such treatment is only permitted its final form until December 2004 and the Group was unable to put the relevant ended 30 September 2005, rendering any results produced on a strict IFRS basis documentation in place to allow the appropriate treatment throughout the year when the required hedging documentation is in place. IAS 39 was not issued in purposes of this illustration.

The treatment shown represents the Group's present understanding of the effect which the EIR and Impairment provisions of IAS 32 and IAS 39 will have on the Group's accounting for its loan assets in the accounts for the year ending 30 September 2006. It is therefore possible that these treatments may change, in the light of any changes to IFRS or its interpretation or emerging market practice before those accounts are produced.

IFRS 1 exemptions

information are the same as those described in the previous section, with the exception that certain provisions of IAS 32 and IAS 39 have been adopted. The exemptions applied in the preparation of this illustrative financial

Accounting policies

section on pages 11 to 20. The additional changes to policies, and their impacts on the Group's financial statements for the year ended 30 September 2005 to adopt the 'proforma' basis, are described below and their effects shown in the The Group's accounting policies have been revised to comply with IFRS. Those changes required to adopt the 'statutory' basis are described in the previous tables on pages 42 to 46.

provision for deferred tax is made at 30%, being the present rate of corporation Where it is expected that a tax charge or credit will arise from the adjustment, tax in the UK. This is shown in the tables in the column showing the adjustment on which the charge or credit arises.

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Effective interest rate - 'EIR

Market News

amortised cost' basis. This requires that, for all loan assets other than those arising from hire purchase agreements, revenue be recognised on a constant basis 'Effective Interest Rate' ('EIR'). The revenue stream includes estimated early Under IAS 39, the Group's loan assets are required to be accounted for on the these factors would be taken into account in determining an investment return account all costs and fees attributable to the loan, in the same way that all for a product. The rate at which income is recognised is referred to as the over the estimated actual (not contractual) life of the loan, taking into redemption penalties.

point of settlement, these also are required to be estimated and included in the period over which they are spread, but for completion fees and similar items the For the Group this means that costs such as commissions and other external (but the Group's UK GAAP accounting policies, the new basis involves -a-change in the of discounts offered would be spread over the expected life of the loan rather than the discount period. Similarly where fees or penalties are payable at the EIR calculation. For items such as commissions, which are already spread under income such as up front fees would be spread on a similar basis and the effect not internal) fees paid would be spread across the expected life of the loan, income would be deferred rather than being taken at the advance date. The impact of these changes, analysed by business segment, is shown in the table on page 40.

Trust before its acquisition by the Group, relate to changes in the periods over income within loans to customers, while those on consumer finance assets relate principally to changes in the periods over which commissions are spread and the inclusion of terminal charges in the EIR calculations. The adjustments on other spreading commissions paid over a longer period and the carry forward of fee assets, which affect primarily owner-occupied mortgages written by Mortgage which commissions are spread and the spreading of initial fees and terminal The adjustments in respect of the buy-to-let assets arise principally from

Impairment

IAS 39 replaces the concept of provision for losses on customer loans with 'loan impairment'. An impairment is only recognised when there is evidence to suggest, at the balance sheet date that the value of the loan is impaired.

discounting is not used and therefore additional provisions are required by IFRS security exists, the security value can be used to offset any shortfall arising where balances are to be collected over a long period, as is the case with many from the discounting approach. In the Group's UK GAAP provisioning methodology amount which would reduce the carrying value of the asset to the value of the future cash flows related to the loan, discounted at the original EIR. Where Under IFRS the amount of impairment provision required on any loan is that of the assets held within the Group's closed loan books.

resulted in changes to the Group's provisioning methodologies, with differing results on different asset portfolios. These are summarised in the table on page The change in definitions and the compulsory discounting methodology have

loans arising from those business areas in which the Group is no longer active. The largest part of the adjustment arises from the Group's closed portfolios, The effect on the active businesses is not great, due in the greater part to their exemplary credit quality.

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Changes arising from the use of EIR and IFRS Impairment model Illustrative financial information

1 October 2004 £m	(0.8)	(8.0)
31 March 2005 Em	1.2	1.4
30 September 2005 Em	1.2 (0.1)	1.1 1.4
	to customers	

Increase / (decrease) in loans

BALANCE SHEET

Buy-to-let - Impairment

Buy-to-let - EIR

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Consumer finance - EIR Consumer finance - Impairment	(0.1)	(5.1)	(6.6) (1.8)
	(3.9)	(6.9)	(8.4)
Other assets - EIR Other assets - Impairment	2.1 (96.9)	2.8 (93.8)	4.0 (92.3)
•	(94.8)	(91.0)	(88.3)
Total Engairment		(1.1) (95.4)	(3.4)
	(97.6)	(96.5)	(97.5)
six_months_then_ended	2.1 (0.1)	2.1	
	1 (2)	2.3	
Consumer finance - BIR Consumer finance - Impairment	6.5	: :	
	4.6	1.4	
Other assets - EIR Other assets - Impairment	(2.0)	(1.2)	
		(2.7)	
Total EIR Total Impairment	6.6	2.3	
	1	1 1 1 1 1 1	

(0.1) 1.0

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Income recognition

amount charged to a borrower is irrecoverable at the time at which the charge is made and therefore may not be recognised as revenue. The application of this new calculation changes the method by which it is assessed, under IAS 18, where an The application of the EIR methodology to the loan book and the provisioning accounts which had previously not been recognised on the grounds that it was expected to be irrecoverable. This has a corresponding effect on the charge methodology results in the recognition in income of interest on delinquent impairment.

being recognised in the income statement for the six months ended 31 March 2005, The financial effect of this change is an increase in interest income of £10.9m and an increase in interest income of £20.8m in the income statement for the year ended 30 September 2005, with, in each case, an equal increase in the amount-charged-for-impairment

Presentation

income. Under IFRS both of these amounts form part of interest income and hence ended 30 September 2005 the amount included in interest payable for commissions income of £8.5m credited in the year ended 30 September 2005 and £3.1m credited in the six months ended 31 March 2005 has been included in the EIR calculation business introducers within interest payable and mortgage fee income as other must be transferred to this line in the profit and loss account. In the year was £34.9m and in the six months to 31 March 2005, £17.9m. Other operating Under UK GAAP the Group has accounted for the cost of commissions paid to

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Analysis of adjustments to the Income Statement - Proforma basis Year ended 30 September 2005 Page 57 of 75

ď			ı						!		!		,	
Proforma basis	£ш	486.8	(355.9)	130.9	29.4		160.3	(45.2)	(43.4)	71.7	1, 1	71.7	(16.0)	55.7
Proforma basis	adjustillents Em	1.0	34.9	35.9	(8.5)		27.4	,	(27.5)	(0.1)		(0.1)	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	(0.1)
Presentation	£m	(26.4)	34.9	8.5	(8.5)			ı	; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;	1		ı	1 3	
Income recognition	£m	20.8	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	20.8	1 S		20.8	•	(20.8)	1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	ı	1	
Impairment	£m	ı	5 1 2 1 1 1 1 1 1 1 1 1 1 1	ţ	ı			ı	(6.7)	(6.7)	1	(6.7)	2.1	(4.6)
EIR	£m	9.9	· 1 · · 1	6.6	1		9.9	i	1	9.9	1 1	6.6	(2.1)	4
Statutory basis	adjustments £m	1.4	(3.3)	(1.9)	2.0	 		(1.0)	1 ,	(6.0)	(4.1)	(5.0)	0.1	(4.9)
UK GAAP	£m	484.4	(387.5)	96.96	35.9	; ; ; ; ; ;	-132:8-	(44.2)	(15.9)	72.7	4.1	76.8	(16.1)	60.7
		Interest receivable	Interest payable	Net interest income	operating income	Total operating	income	Operating expenses	Impairment losses		Amortisation of goodwill	Operating profit before	taxation Taxation	Operating profit after taxation

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Analysis of adjustments to the Balance Sheet - Proforma basis 30 September 2005

	UK GAAP	Statutory basis	EIR	Impairment	Income recognition	Presentation	Proforma basis	Proforma basis
	£m	adjustments £m	£m	£m	£m	£m	adjustments £m	£m
Non-current								
assets								
Intangible assets	(6.9)	10.2	i	1	E	ı	1	0.3
Property, plant and								
equipment	8.7	11.0	i	ı	ľ	ı	ı	19.7
Financial assets	5,538.7	0.066	3.2	(100.8)	ı	ŧ	(97.6)	6,431.1
Deferred tax asset	1	5.7	(1.0)	30.2	1	ı	29.2	34.9
	5,537.5	1,016.9	2.2	(40.6)		1	(68.4)	6,486.0
Current assets Other	1 1 1 1 1 1 1 1 1)	1 	,	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	. t t t t t t t t t t t t t t t t t t t	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1 1
receivables	7.8	(1.2)	1	1	t	ı	,	9.9
casn and casn equivalents	445.2	85.2	ı	ı	ı	1	ı	530.4
	453.0	84.0	1 1 1 1 1 1	! ! ! ! ! ! ! ! ! ! ! ! !	;		,	537.0
Total assets	5,990.5	1,100.9	2.2	(70.6)		; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;	(4.89)	7,023.0

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	12.1	70.2	(70.2)	255.1	267.2 (22.8)	244.4		6.0	12.9	59.9	73.7		6,684.8	0.7		14.6	2.1	2.7
	1	•	ı	(68.4)	(68.4)	(68.4)		1	1	1			ı	1		1	ı	
	,	,	1					ŧ	1	i			•	١		1	1	1.
	ı	ı	1	1	1 1		,	1	i	ı			ı	ŀ		ı	į	
	ı	ì	i	(70.6)	(70.6)	(70.6)			ı	ı			ı	1		ì	1	
	1	1	1	2.2	2.2	2.2		 	F	I			ı	1		1	t	
	ı	i	ı	4.8	8.1	4.8		6.0	12.9	(21.8)	(8.0)		6,684.8	0.7		14.6	(0.7)	(5,595.3)
	12.1	70.2	(70.2)	318.7	1	308.0		 	ł	81.7	81.7		ı	1		ı	2.8	5,598.0
Equity shareholders' funds	Share	capicai Share rremium	Merger	reserve Profit and loss account	Share capital and reserves Own shares		Current	Financial liabilities	Current tax liabilities	Orner liabilities		Non-current liabilities	financial	Deferred tax liabillity	Retirement	benetit obligations	Provisions	Other liabilities

0.000,0	1,104.1	ı	1	i	1	e 704 9
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5,990.5	1,100.9	2.2	(70.6)	ı	1	

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Analysis of adjustments to the Income Statement - Proforma basis Six months ended 31 March 2005

			## 						
	UK GAAP	Statutory basis	EIR	Impairment	Income	Presentation	Proforma	Proforma	
Interest	£m	adjustments £m	£m	€ E M		£m	basisadjustments fm	basis Em	
receivable Interest	240.9	0.7	2.3	ı	10.9	(14.8)	(1.6)	240.0	
payable	(194.9)	(1.6)	1	•	ı	17.9	17.9	(178.6)	
Net interest income Other	46.0	(6.0)	2.3	! ! ! ! ! ! ! ! ! ! ! ! ! ! ! ! ! ! !	10.9	3 1	16.3	61.4	
operating income	17.0	1.0	ı	i	l	(3.1)	(3.1)	14.9	
Total operating income	63.0	0.1	2.3	1	10.9			76 37	
Uperating expenses Impairment	(20.6)	(0.5)	I	ı	ı	1	1 1	(21.1)	
losses	(8.5)		! ! ! !	(1.3)	(10.9)	1	(12.2)	(20.7)	
	33.9	(0.4)	2.3	(1.3)	1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1.0	34.5	

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Amortisation of goodwill	2.2	(2.2)	(2.2)				1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	} 1 3
Operating profit before	36.1	(2.6) 2.3	2.3	(1.3)	. 1	1	1.0	34.5
taxation Taxation	(7.6)	ı	(0.7)	0.4	ı	,	(0.3) (7.9)	(7.9)
Operating profit after	1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 · · · · · · · · · · · · · ·	; ; ; ; ; ; ;					
taxation	28.5	(2.6) 1.6	1.6	(6.9)	1	,	0.7	26.6
d			# # # # # # # # # # # # # # # # # # #					n n n n u

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Analysis of adjustments to the Balance Sheet - Proforma basis 31 March 2005

	11 13 14 15 16 17 18 18 18 18 18 18 18 18 18 18 18 18 18		1) 1) 1) 1) 1) 1) 1)	u 11 11 11 11 11 11 11 11 11 11	## ## ## ## ## ## ## ## ## ## ## ## ##			
	UK GAAP	Statutory basis	EIR	Impairment	Income recognition	Presentation	Proforma basis	Proforma basis
	ć	tmen	į	§	E T	£	adjustments fm	£
	##	τm	2.111	EIII	777			
Non-current								
assets								
Intangible								
assets	(11.8)	12.1	1	1	1	1	ŀ	0.3
Property,								
plant and								;
equipment	9.1	11.4	1		ı		•	20.5
Financial								
assets	4,885.9	1,201.1	(1.1)	(95.4)	ı	1	(36.5)	(96.5) 5,990.5
Deferred tax								
asset	ı	5.7 0.3	0.3	28.6	1	1	28.9	34.6

- '	4,883.2	1,230.3	(0.8)	(66.8)		† † † † † † † † † † † † † † † † † † †	(67.6)	6,045.9
Current assets Other receivables		(1.2)				1 		6
Cash and cash equivalents	452.5	7.96		ŀ	•	1	ı	549.2
	460.1	95.5					1 1 1 1 1 1 1 1 1 1 1 1	555.6
Total assets	5,343.3	1,325.8	(0.8)	(66.8)			(67.6)	6,601.5
Equity shareholders' funds Share	17.0		11 11 11 14 14 14 14 15 16 16 16 16 16 16 16 16 16 16 16 16 16			. 0 H H H H H H H H H H H H H H H H H H H		
capital						:	1	7
bremium Merger	(2 07)	1 1	1 1	1 1	1	1	ı	69.5
reserve Profit and loss account	293.8	4.0	(0.8)	(66.8)	, ,	1 1	(9 69)	03000
,	1 1 1 1 1 1 1				1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	(0./0)	11000
Share capital and reserves Own shares	305.1	4.0	(0.8)	(66.8)	1 1	1 1	(67.6)	241.5 (13.8)
ı	291.3	4.0	(0.8)	(66.8)	-	, t t t t t t t t t t t t t t t t t t t	(67.6)	227.7
Current liabilities Financial					,	,	t 1 1 1 1 1 1 1	: : : : : :
liabilities Current tax	1	1.0	ı	ì	ı	I	ı	1.0
liabilities Other	ı	13.6	t	ı	•	1	f	13.6
lities	78.9	(19.6)	1 1 1 2 1 1	'	•	1	1	59.3
	78.9	(5.0)	! ! !		} 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1	73.9

 			6,278.1		2.1			14.5	2.4		2.8	1 1 1 1 1 1 1 1 1	6,299.9	(67.6) 6,601.5	
			ı		1			ı	1		l		1	(67.6)	
			ı		1			t	i		ı		1		
			ı		i				···		ı		ı		
			ŀ		1			1	1		ł	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	ı	1,325.8 (0.8) (66.8) (67.6) 6,601.5	
			ı		1			1	1		ı		1	(0.8)	
			6,278.1		2.1			14.5	(2.1)		(4,965.8)		1,326.8	1,325.8 (0.8)	
			1		ı			1	4.5		4,968.6	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	4,973.1	ı ii 1 1	! ! ! !
Mon division	liabilities	Financial	liabilities	Deferred tax	liability	Retirement	benefit	obligations	Provisions	Other	liabilities	1		ı ii	ì

2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

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Analysis of adjustments to the Balance Sheet - Proforma basis 1 October 2004

EIR Impairment Income Presentation Proforma Proforma recognition adjustments	£m £m £m £m £m				0.3	
	£m £				14.3	
Statutory basis adjustments					H	
UK GAAP	£m				(14.0)	
		Non-current	assets	Intangible	assets	

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plant and equipment	9.5	11.9	1	1	1	ı	1	21.4
	4,529.9	1,421.0	(3.4)	(94.1)	ı	ı	(97.5)	5,853.4
Dererred tax asset	l	5.7	1.0	28.2	1	I	29.2	34.9
	4,525.4	1,452.9	(2.4)	(65.9)	1 1 1 1 1 1 1 1 1 1 1		(68.3)	5,910.0
Current assets	1 1 1 1 1 1 1 1 1 1		! ! ! ! !					1 1 1 1 1 1 1 1
Other receivables	8.9	(1.3)	ŧ	1	ì	ı	ŀ	7.6
casn and casn equivalents	402.5	8.66	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1	1	1 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	501.8
		98.0	1	I	1	ı	ı	509.4
Total-assets	4,936.8	-1,550.9-	-(2.4)	(-6:-3-)			3.)-	6,419.
Equity shareholders'			! ! ! ! ! ! ! !					
Share	12.0	ı	ı	1	I	ı	1	12.0
capitai Share	68.89	1	ı	ŧ	ı	,	ı	68.8
premium Merger reserve	(70.2)	ı	ŧ	ſ	ı	ı	ı	(70.2)
Profit and loss account	270.1	9.9	(2.4)	(62.9)	I	I	(68.3)	208.4
Share capital and reserves Own shares	28	9.9	(2.4)	(65.9)			(68.3)	219.0
	268.4	6.6	(2.4)	(65.9)	; ; ; ; ; ; ; ; ; ;	;	(68.3)	206.7

liabilities Financial

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1.6	7.7	53.8	63.1	1 1 1 1 1 1		6,126.5	2.1		14.3	3.5		3.2	6,149.6	6,419.4
1	l	1	; 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		ı	1		1	ı			: : : : : : : :	(68.3)
1		I	! ! ! ! ! ! ! ! ! ! ! ! ! ! ! ! ! ! !	1 2 3 4 7 1 1 1 1 1 1		I	I		ŧ	ı				
ı	ı	1)	•1	i	ı		ı	ı		 		
Î	ı	•				1	I		ı	ı		 		1,550.9 (2.4) (65.9) (68.3) 6,419.4
1	1	ı	! ! ! ! ! ! !	! ! ! ! !		1	ı		ı	ı		1	1	(2.4)
1.6	7.7	(14.2)	(4.9)		4%	6,126.5	2.1		14.3	(2.1)		(4,591.6)	1,549.2	
•	1	68.0	68.0			ı	1		ı	5.6		4,594.8	4,600.4	4,936.8
liabilities	liabilities	liabilities		Non-current	Financial	liabilities	Dererred tax liability	Retirement benefit	obligations	Provisions	Other	liabilities4,594-8		

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Consolidated Income Statement - Proforma basis Year ended 30 September 2005

IFRS Proforma basis Year ended

UK GAAP Year ended

http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=1164771&source=RNS

	30 September 2005	30 September 2005
486.8 (355.9) 130.9 29.4 160.3 (45.2) (43.4) 71.7 71.7 71.7 rill 19 profit on 71.7 71.7 71.7 11.7 11.7 71.7 71.7 71.	£m	£m
(355.9) 130.9 29.4 160.3 (45.2) (43.4) 71.7 71.7 71.7 (16.0) tivities after ncial year 18.8p 48.8p		484.4
(355.9) 130.9 29.4 160.3 (45.2) (43.4) 71.7 71.7 71.7 (16.0) tivities after ncial year 18.8p 48.8p	a)	
130.9 29.4 160.3 (45.2) (43.4) 19 profit on 10 profit on 11.7 11.7 11.7 11.7 11.7 11.7 11.7 11.		(387.5)
150.3 160.3 (45.2) (43.4) 19 profit on 10 profit on 11.7 11.7 11.7 11.7 12.8 13.8 148.8p 48.8p	:	
ne 160.3 (45.2) (43.4)		0.00
160.3 (45.2) (43.4) 19 profit on 10.3 11.7 11.7 11.7 11.7 11.7 11.7 11.7 11		35.9
19 profit on 71.7 rill 71.7 rill 71.7 rill 71.7 rill 71.7 sefore taxation 71.7 stivities after 55.7 motal year 55.7 48.8p		132.8
### (43.4) ### 71.7 ### 71.7 ### 71.7 ### 10.0 #### 10.0 #### 10.0 #### 10.0 #### 10.0 #### 10.0 #### 10.0 #### 10.0 #### 10.0 ##### 10.0 ##### 10.0 ##### 10.0 ###### 10.0 ##################################		(44.2)
rill ig profit on 71.7 rill sefore taxation 71.7 (16.0) tivities after trivities after 55.7 48.8p 48.8p	នeន	(15.9)
ig profit on 71.7 sefore taxation 71.7 is (16.0) trivities after 55.7 mainly year 55.7 48.8p 46.8p	71.7	72.7
efore taxation 71.7 ss (16.0) tivities after 55.7 ucial year 55.7 48.8p		4.1
(16.0)		
(16.0) tivities after 55.7 moial year 55.7 48.8p		76.8
ivities after 55.7 cial year 48.8p 46.8n		
activities after 55.7 inancial year ====================================		(16.1)
inancial year 55.7	ary activities after	
48.8p		60.7
	#######################################	
70		c c
	48.85	₫£.£d
	46.8p	51.1p

The results for the year relate entirely to continuing operations.

UK GAAP profit and loss accounts are presented in accordance with IFRS format.

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Consolidated Balance Sheets - Proforma basis

http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=1164771&source=RNS

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30 September 2005 and 1 October 2004

P 1 October 2004 Em	(14.0)	9.5 9.5	, , ,	4,525.4	-6-8	402.5	411.4	4,936.8	12.0	68.89	(70.2)	270.1	280.7	268.4
UK GAAP 30 September 2005 £m	(6.6)	8.7 7.8		5,537.5		445.2	453.0	5,990.5	1 1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	70.2	(70.2)	318.7	330.8 (22.8)	308.0
rma basis 1 October 2004 £m	0.3	21.4	34.9	5,910.0	9 <u>-</u> '	501.8	509.4	6,419.4	12.0	68.8	(70.2)	208.4	219.0 (12.3)	206.7
IFRS Proforma basis September 1 Octob 2005 20	0.3	19.7	34.9	6,486.0	99-	530.4	537.0	7,023.0		70.2	(70.2)	255.1	267.2 (22.8)	244.4
30	Assets employed Non-current assets Intangible assets	Property, plant and equipment Financial accets			Current assets Other receivables	Cash and cash equivalents			Financed by Equity shareholders' funds	Share premium account	Merger reserve	Profit and loss account	Share capital and reserves Own shares	

Current liabilities

Financial liabilities Current tax liabilities	0.9	1.6	1 1	1 1
Other liabilities	59.9	53.8	81.7	68.0
	73.7	63.1	81.7	68.0
Non-current liabilities	1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;	; ; ; ;
Financial liabilities	6,684.8	6,126.5	t	ŧ
Deferred tax liability	0.7	2.1	1	ι
Retirement benefit				
obligations	14.6	14.3	1	1
Provisions	2.1	3.5	2.8	5.6
Other liabilities	2.7	3.2	5,598.0	4,594.8
	6,704.9	6,149.6	5,600.8	4,600.4
	7,023.0	6,419.4	5,990.5	4,936.8

UK GAAP balance sheets are presented in accordance with IFRS format.

2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Consolidated Statement of Recognised Income and Expense - Proforma basis Year ended 30 September 2005

2002 £m Year ended 30 September £m 55.7 2005 IFRS Proforma basis Year ended 30 September

60.7

Profit for the period Actuarial gain / (loss) on pension

http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=1164771&source=RNS

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deficit	1 1 1 1 1	Total recognised income and expense	for the period 55.7	11 11 11 11 11 11 11 11	

Consolidated Reconciliation of Movements in Equity - Proforma basis Year ended 30 September 2005

	IFRS Proforma basis	UK GAAP
	Year ended	Year ended
	30 September 2005	30 September 2005
	£m	€m
Total_recognised		
income and expense		
for the period	55.7	60.7
Dividends	(12.4)	(14.4)
Net movement in own shares	(10.5)	(10.5)
Surplus on transactions		
in own shares	2.3	2.3
Charge for share		
based payments	2.6	1.5
Total movements in equity		,
in the period	37.7	39.6
Opening equity	206.7	268.4
Closing equity	244.4	308.0

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Earnings per share

The basic earnings per share figures have been calculated by dividing the profit outstanding during the period. For the year ended 30 September 2005 the weighted attributable to shareholders by the weighted average number of shares average number of shares outstanding was 114.1 million.

weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. For the year ended 30 September 2005 the adjusted The diluted earnings per share figures have been calculated by adjusting the weighted average number of shares outstanding was 119.0 million.

Neither of the above numbers of shares is affected by the transition to IFRS

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Consolidated Income Statement - Proforma basis Six months ended 31 March 2005

£m £m 240.0 240.9	/able charges (178.6) (194.9)	61.4 51.4	Jome 76.3 (20.7) (20.7)	34.5
Interest receivable	Interest payable and similar charges	Net interest income Other operating income	Total operating income Operating expenses Provisions for losses	

Amortisation of goodwill	ł	2.2
Onexating profit being profit on	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
ordinary activities before taxation	34.5	36.1
Tax charge on profit on ordinary activities	(7.9)	(7.6)
Profit on ordinary activities after		1
taxation for the financial year	26.6	28.5
Barnings per share		
- basic	23.3p	24.9p
- diluted	22.4p	23.9p

The results for the year relate entirely to continuing operations.

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UK GAAP profit and loss accounts are presented in accordance with IFRS format.

2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Consolidated Balance Sheet - Proforma basis 31 March 2005

UK GAAP IFRS Proforma basis

31 March 31 March	2005 2005	£m £m			0.3 (11.8)	ipment 20.5 9.1	5,990.5 4,885.9	() er
			Assets employed	Non-current assets	Intangible assets	Property, plant and equipment	Financial assets	Deferred tox secotes .

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Page 72 of 75

biles equivalents			
benefit obligations sets 6.4 7.6 8452.5 855.6 460.1 855.6 460.1 855.6 460.1 12.0 855.6 460.1 12.0 12.0 12.0 89.5 12.0 12.0 12.0 12.0 12.0 12.0 12.0 12.0 13.0 13.0 13.0 13.0 13.0 13.0 13.0 14.5 1		6,045.9	4,883.2
## destrictions	Current assets		
ash equivalents ash equivalents share capital reholders' funds share capital loss account loss account tal and reserves tal and reserves tal and reserves tal and reserves tal babilities tal babi	Other receivables		7.6
reholders' funds share capital share capital loss account tal and reserves tal and reserves tal bablities libbilities triabilities ax liabilities ax liabilities ax liabilities ax liabilities ax liabilities tal and reserves 1.0 227.7 291.3 291.3 21.1 291.3 21.1 21.1 21.0 4,968.6 21.1 21.1 21.0 21.1 21.1 21.0 21.1 21.1	Cash and cash equivalents	549.2	452.5
reholders funds 12.0 12.		1	460.1
reholders funds 12.0 12.		,601	343
reholders' funds 12.0 12.0 Share capital 69.5 Share capital (70.2) (70.2) Iloss account 241.5 Share capital 241.5 Share capital 241.5 Share capital 3.05.1 Share cap	Pinanced hy	II II II II	II II II
share capital share capital ium account erve loss account tal and reserves tal	Equity shareholders' funds		
ium account erve loss account tal and reserves tal abilities tal and reserves tal abilities tal abilitie	Called-up share capital	12.0	12.0
benefit obligations erve (70.2) (70	Share premium account	69.5	69.5
tal and reserves tal and reserves tal and reserves 227.7 abilities liabilities t liabilities ax liabilities ax liabilities ax liabilities (c, 278.1) benefit obligations litties (c, 299.9) (d, 91.5) (d, 91.5) (d, 91.5) (e, 299.9) (e, 299.9) (e, 291.3) (e, 291.5) (e, 291.3) (e, 291.3) (e, 291.3)	Merger reserve	(70.2)	(70.2)
tal and reserves tal and reserves 241.5 (13.8) (14.8) (1	ďΩ		293.8
abilities liabilities t liabilities t liabilities ax liabilities ax liabilities ax liabilities liabilities decomparison t liabilities decomparison e (278.1 benefit obligations f (299.9) f (601.5) f (3.4) f (4.5) f (601.5) f (3.4) f (3.6) f (4.5) f (4.5) f (601.5)	Share capital and reserves	1	305.1
227.7 291.3 1.0 13.6 59.3 78.9 78.9 78.9 6,278.1 2.1 2.4 4,968.6 6,299.9 6,601.5 6,343.3	Own_shares		(13_8)
1.0 13.6 59.3 78.9 78.9 6,278.1 6,299.9 6,601.5 6,601.5		227.7	291.3
13.6 59.3 73.9 73.9 6,278.1 6,278.1 6,299.9 6,601.5 8,343.3	Current liabilities		1 1 1 1 1 1 1 1 1 1 1
13.6 59.3 78.9 73.9 78.9 6,278.1 2.1 14.5 2.4 4,968.6 6,299.9 6,601.5 ====================================	Financial liabilities	1.0	ı
59.3 73.9 73.9 78.9 6,278.1 2.1 14.5 2.4 4,968.6 6,299.9 6,601.5 6,601.5	Current tax liabilities	13.6	•
6,278.1 2.1 14.5 2.4 4,968.6 6,299.9 6,601.5	Other liabilities	59.3	78.9
6,278.1 2.1 14.5 2.4 4.968.6 6,299.9 6,601.5 6,601.5		73	78.9
6,278.1 2.1 14.5 2.4 4.5 2.8 4.5 6,299.9 4,968.6 6,601.5 5,343.3	Non-current liabilities	1 1 1 5 6 6 6 6 6 7 1 1 1	1
t obligations 2.1 t obligations 14.5 2.4 4.5 2.4 4.968.6 6,299.9 6,601.5 6,601.5	Financial liabilities	6,278.1	•
t obligations 14.5 2.4 4.5 2.8 4.6 6,299.9 6,601.5 6,601.5	Deferred tax liability	2.1	ı
2.4 4.968.6 2.8 4,968.6 6,299.9 4,973.1 6,601.5 5,343.3	Retirement benefit obligations	14.5	ı
6,299.9 4,968.6 6,299.9 4,963.3 6,601.5 5,343.3 ==================================	Provisions	2.4	4.5
6,601.5	Other liabilities	(1	4,968.6
6,601.5 5,343.3		9	4,973.1
		1 -	5,343.3
			П

UK GAAP balance sheets are presented in accordance with IFRS format.

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2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Consolidated Statement of Recognised Income and Expense - Proforma basis \mathtt{Six} months ended 31 March 2005

IFRS Proforma basis	is UK GAAP	
Six months ended	ed Six months ended	
31 March	2h 31 March	
2005	2005	
	£m £m	
Profit-for-the-period26-6	628.5	
Actuarial gain / (loss) on pension	1	
deficit		
Tax on items taken directly to equity	1	
1 1 1 1		
Total recognised income and		
expense for the period 26.6	.6 28.5	

Consolidated Reconciliation of Movements in Equity - Proforma basis Six months ended 31 March 2005 2002 31 March Six months ended UK GAAP 31 March 2005 £m IFRS Proforma basis Six months ended

Total recognised income and

(6.0) (1.5)

(6.5) (1.5)

Net movement in own shares

expense for the period

Market News

Surplus on transactions

Charge for share based payments

in own shares

26.6

1.3

1.1

1.3

28.5

ĺ	54
	Page

227.7

291.3

22.9

21.0

Total movements in equity

Opening equity Closing equity

in the period

268.4

2005 FINANCIAL INFORMATION - IFRS PROFORMA BASIS

Earnings per share

The basic earnings per share figures have been calculated by dividing the profit attributable to shareholders by the weighted average number of shares outstanding during the period. For the six months ended 31 March 2005 this number was 114.2 million.

The diluted earnings per share figures have been calculated by adjusting the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. For the six months ended 31 March 2005 this number was 119.0 million.

Neither of the above numbers of shares is affected by the transition to IFRS.

This information is provided by RNS
The company news service from the London Stock Exchange

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Regulatory Announcement

Market News

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Paragon Group Of Companies PLC Company

Implementation of IFRS - P2 Headline TIDM

07:00 21-Feb-06 6871Y Released Number

Paragon Group Of Companies PLC 21 February 2006 RNS Number: 6871Y

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ILLUSTRATIVE RESTATEMENT OF 1 OCTOBER 2005 BALANCE SHEET UNDER IFRS

Introduction

restated on the basis which the Group expects to use in compiling its financial This section presents the balance sheet of the Group as at 1 October 2005, statements for the year ending 30 September 2006.

OF INTERNAT ORATE FINA

Basis of preparation

The Group is required to prepare its consolidated financial statements for the year ending 30 September 2006 in accordance with the International Financial Reporting Standards which are expected to be effective and endorsed by the European Union at 30 September 2006. This section should be read in conjunction with the information presented in the earlier sections.

interpretation or in emerging market practice before those accounts are produced. The treatment shown represents the Group's present understanding of the effect which the full application of IFRS will have on the Group's accounting in the accounts for the year ending 30 September 2006. It is therefore possible that these treatments may change, in the light of any changes to IFRS or its

IFRS 1 Exemptions

determining the opening IFRS balance sheet at its date of transition, 1 October statements. The Group is required to determine appropriate accounting policies for the first time as the basis of preparation of its consolidated financial IFRS 1 sets out procedures which the Group must follow when it adopts IFRS in compliance with IFRS and, in general, to apply them retrospectively in

Market News

The particular exemptions being applied by the Group are discussed in the earlier sections of this document. IFRS 1 allows that IAS 32 - 'Financial Instruments: Disclosure and Presentation' reported for earlier periods. The Group has taken advantage of this exemption with effect from 1 October 2005, without retrospective restatement of figures and IAS 39 - 'Financial Instruments: Recognition and Measurement' be applied and this section shows how the adoption of these standards affects the consolidated balance sheet at that date.

hedges_are_designated_and-fully-documented_at_their_inception._IFRS-1_extends long as the appropriate documentation is in place at that date, and the Group adjustments at 1 October 2005 to the lower of the hedge adjustment arising on this to allow hedge accounting for any existing hedges at 1 October 2005, so has taken advantage of this exemption. IFRS 1 restricts the hedge accounting Under IAS 39 hedge accounting is permitted, but the standard requires that the hedged item and that arising on the hedging instrument.

Accounting policies

full (the 'On-going basis'), and their impact on the Group's balance sheet at 1 changes required to adopt the Proforma basis are described in the previous section on pages 38 to 46. The additional changes to policies to adopt IFRS in The Group's accounting policies have been revised to comply with IFRS. Those October 2005, are described below and shown in the table on page 57.

Fair Values and hedging

hedging purposes and can be shown to be 'highly effective', subject to the hedge Under IAS 39 certain financial instruments are carried at fair value, including all derivatives. Movement in these fair values is shown in the income statement for the period, but this effect is mitigated where the derivative is used for accounting criteria of IAS 39 being met.

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Market News

ILLUSTRATIVE RESTATEMENT OF 1 OCTOBER 2005 BALANCE SHEET UNDER IFRS

risk and this adjustment is offset against the movement in the fair value of the hedged items is adjusted for those changes in fair value relating to the hedged derivative in the income statement. Where a derivative is designated as a cash taken to equity. Any gains or losses taken to equity will be recognised in the income statement at the same time as the effect of the hedged item. Where a derivative is designated as a fair value hedge, the carrying value of inefficiency in the hedging arrangement affects profit, the remainder being flow hedge, only that part of the movement in fair value relating to

Proforma basis (which excludes fair value and hedging impacts), application of the full requirements of IAS 32 and IAS 39 reduces the Group's net assets and Compared to the Group's balance sheet at 30 September 2005 prepared under the total equity by £4.1m.

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ILLUSTRATIVE RESTATEMENT OF 1 OCTOBER 2005 BALANCE SHEET UNDER IFRS

1 October 2005

Analysis of adjustments to the Balance Sheet

On-going IFRS	Dasıs £m			0.3		19.7	23.9 6,455.0
Fair value adjustments	£m			I		1	23.9
Proforma	£m			0.3		19.7	(97.6) 6,431.1
Proforma basis	adjustments £m			1		1	(9.76)
Statutory Proforma basis basis	£m			0.3		19.7	990.0 6,528.7
Statutory	adjustments £m			10.2		11.0	0.066
UK GAAP	£ш			(6.6)		8.7	5,538.7
		Non-current assets	Intangible	assets	Property, plant and	equipment Financial	assets

Page 4 of 17

Deferred tax asset	1	5.7	5.7	29.2	34.9	1.7	36.6
	5,537.5	1,016.9	6,554.4	(68.4)	6,486.0	25.6	6,511.6
Current assets Other receivables	7.8	(1.2)	6.6	ı	9.9	(2.3)	4.3
Cash and cash equivalents		85.2	530.4	t	530.4	1	530.4
	t	84.0	537.0	1 1 1 1 1 1 1 1 1	537.0	(2.3)	534.7
Total assets	. 6		. 4. 	(68.4)	7,023.0		7,046.3
Equity shareholders' funds Share					-[
capital Share	70.2	ı	70.2	i	70.2	1	70.2
premium Merger	(70.2)	t	(70.2)	ı	(70.2)	ı	(70.2)
reserve Cash flow							
hedge reserve	ı	1	ı	1	I	(2.6)	(2.6)
loss account	318.7	4.8	323.5	(68.4)	255.1	(1.5)	253.6
Share capital and reserves Own shares	1	1 1 1 1 1 1 1 1 1 1 1	335.6 (22.8)	(68.4)	267.2 (22.8)	(4.1)	263.1
, '	308.0	4.8	312.8	(68.4)	244.4	(4.1)	240.3
						1 1 1 1 1 1 1	
liabilities Current tax	i	0.9	6.0	ı	6.0	ŀ	6.0
liabilities	· ·	12.9	12.9	· 1	12.9		12.9

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- []	23.3	(68.4) 7,023.0	(68.4)	7,091.4	1,100.9	i
6,733.9	29.0	6,704.9	1	6,704.9	1,104.1	
2.7	t	2.7	1	2.7	(5,595.3)	
2.1	ı	2.1	1	2.1	(0.7)	
14.6	1	14.6	1	14.6	14.6	
•						
	ı	0.7	ŧ	0.7	0.7	
6,713.8	29.0	6,684.8	J	6,684.8	6,684.8 6,684.8	
! ! ! ! !	1 1 1 5 6 1 1		! ! ! ! !			
72.1	(1.6)	73.7		73.7	(8.0)	1
58.3	(4.1)	59.9	•	9.80	(0.12)	1

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PRESENTATIONAL CHANGES TO 2005 UK GAAP RESULTS

balance sheet to that adopted in the UK GAAP profit and loss account or balance some cases this will require the presentation of an item in a different position, or the use of a different description in the IFRS income statement or The presentation of financial information under IFRS is governed by IAS 1. In sheet. To aid understanding, in the preceding sections UK GAAP financial information is presented in accordance with IFRS formats. This section demonstrates how that information is derived from that published in the Annual Report and Accounts for the year ended 30 September 2005 and the Interim Report for the six months ended 31 March 2005.

This section includes adjustments to reclassify balances held within the Group's contract hire business, because this better reflects the nature of the assets

and liabilities. There is no impact on the profit and loss account from this change. All other changes arise from relocation of items. Any changes which relate to the adoption of a different accounting policy, or the inclusion on the face of the primary financial statements of items previously shown in notes to the accounts are dealt with in the preceding sections.

Conversion of UK GAAP Profit and Loss Account to IFRS format Year to 30 September 2005

11	## ## ## ## ## ##	8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	11 11 11 13		
Profit and Loss	£m	£m	£m	£m	UK GAAP information in
Account presented					IFRS Income Statement
under UK GAAP					format
Interest					
receivable		484.4	ı	484.4	Interest receivable
Interest				:	
payable and					
similar					
charges		(387.5)	ı	(387.5)	Interest payable
		1 1 1 1 1 1 1 1 1	1 1 1 1 1		
Net interest					
income		6.96	ı	6.96	Net interest income
Other					
operating					
income		35.9	1	35.9	Other operating income
		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 1 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Total					
operating					
income		132.8	ì	132.8	Total operating income
Operating expense					
Other					
operating					
expenses ((44.2)				
Amortisation					
or negative	÷				
GOOGWITT	.				

Total operating expenses	(40.1)	(4.1)	(44.2)	Operating expenses
Provisions for losses	(15.9)	i	(15.9)	Impairment losses
	,	(4.1) 4.1	72.7	Amortisation of negative
Operating	1 1 1 1 1 1 1 1	[t 	goodatt
profit on				
ordinary activities				
before				
taxation	76.8	ı	76.8	Operating profit before
Tax charge on				
profit_on				
ordinary				
activities	(16.1)	! ! ! ! !	(16.1)	Taxation
Profit on				
ordinary				
activities				
after taxation				
for the				
financial year	60.7	1 1 1 1 1 1 1 1	60.7	Operating profit after
Equity dividend	(14.4)			
	1 1 1 1 1 1 1 1 1 1			
Retained profit	46.3			

Under IFRS dividends are shown as a deduction from reserves rather than on the face of the income statement.

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PRESENTATIONAL CHANGES TO 2005 UK GAAP RESULTS

Conversion of UK GAAP balance 30 September 2005	GAAP baland 5 ===================================	se sheet to	IFRS for	format	Conversion of UK GAAP balance sheet to IFRS format 30 September 2005
Balance Sheet presented under UK GAAP Assets Employed	#	£m	£m	£m	UK GAAP information in IFRS Balance Sheet format
Fixed assets Intangible assets Negative					Non-current assets
goodwill Tangible		(6.9)	1	(6.9)	Intangible assets
assets		3.6	5.1	8.7	Property, plant and
Investments Assets subject to non-recourse finance Non-recourse finance	1,116.0 (1,075.2)				edarbueuc
		5,538.7	1	5,538.7	Financial assets Deferred tax asset
		5,532.4	5.1	5,537.5	
Current assets Stocks Debtors falling due	3.0		(3.0)	:	Current assets
within one					

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Other receivables	Cash and cash equivalents			Equity shareholders' funds	Share capital	Share premium Merger reserve Profit and loss	account_	Share capital and reserves Own shares		Current liabilities Financial	Current tax liabilities	1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	Other liabilities
7.8	445.2	453.0	5,990.5		12.1	70.2 (70.2)	ω	330.8	308.0	1	1		81.7
0.1	285.7	(2.9)	2.2	} 	1	1 !			!	(2.8)			
		455.9	5,988.3		12.1		318.7	330.8	308.0	2.8			1
7.7	159.5	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				70.2 (70.2)	3:18:7-					ć	9.08
year	cash at bank and in hand			Financed by Equity shareholders! funds	Called-up share capital	account Merger reserve Profit and	loss-account-	Share capital and reserves Own shares		Provisions for liabilities and charges	Creditors	Amounts falling due within one	year

Page 10 of 17

Non-current liabilities Financial liabilities Deferred tax liabilities Retirement benefit obligations Provisions	Other liabilities		
1 1 1 8	5,598.0	5,600.8	5,990.5
ω. 	1.1	3.9	2.2
		5,677.5	5,988.3 2.2 5,990.5
	5,596.9	t f f f t t t	
	Amounts falling due after more than one year		

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PRESENTATIONAL CHANGES TO 2005 UK GAAP RESULTS

Conversion of UK GAAP Profit and Loss Account to IFRS format Six months to 31 March 2005

reserved and Loss fm fm fm fm th CAAP informat

UK GAAP information in IFRS Income Statement format Interest receivable £m 240.9 £m £m 240.9 Ęш Account presented under UK GAAP Profit and Loss payable and ßimilar receivable Interest Interest

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- (194.9) Interest payable	- 46.0 Net interest income	- 17.0 Other operating income				- 63.0 Total operating income										(2.2) (20.6) Operating expenses		- (8.5) Impairment losses	1	33.9	2.2 2.2 Amortisation of negative	1						- 36.1 Operating profit before	taxation			
(194.9)	46.0	17.0				63.0										(18.4) (2.		(8.5)	1 1	(2)	2.							36.1				
charges	Net interest income Other	operating income	1	Total	operating	income	Operating expense	Other	operating	expenses (20.6)	Amortisation	of negative	goodwill 2.2	Total	operating	expenses	Provisions for	losses			i	Operating	profit being	profit on	ordinary	activities	before	taxation		Tax charge on	profit on	orginary

ordinary

activities

Operating profit after taxation 28.5 (6.0)28.5 22.5 Equity dividend Retained profit financial year after taxation for the

Under IFRS dividends are shown as a deduction from reserves rather than on the face of the income statement.

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PRESENTATIONAL CHANGES TO 2005 UK GAAP RESULTS

Conversion-of-UK-GAAP-Balance-Sheet-to-FFRS-format-... 31 March 2005

Balance Sheet	£m	£m	£m	£m	UK GAAP information in
presented under UK					IFRS Balance Sheet
GAAP					format
Assets Employed					
Fixed assets					Non-current assets
Intangible					
assets					
Negative					
goodwill		(11.8)	ı	(11.8)	(11.8) Intangible assets
Tangible					,
assets		3.7	5.4	9.1	Property, plant and
					equipment
Investments					
Assets subject					
to					
non-recourse					

1,341.2

Non-recourse

finance

			Financial assets Deferred tax asset		Current assets			Other receivables		Cash and cash	equivalents						Equity shareholders' funds			Share capital		Share premium	rese	Profit and loss	account	Share capital and	reserves	Own shares
			4,885.9	4,883.2				7.6			4525	1 1 1 1 1 1 1 1 1 1	460.1	5,343.3	H H H H H H H H H H H H H H H H H H H					12.0		69.5	(70.2)		θ.	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	305.1	(13.8)
			1	5	;	(3.2)		0.1			1	1 1 1 1	(3.1)	2.3						1		ı	ı		i	} 	ı	1
				4,877.8									463.2	۰.						12.0		69.5	(70.2)			t t t t t t t	305.1	(13.8)
(1,297.8)	43.4	4,842.5		·	,	3.2		7.5			452.5	1 1 1 1 1 1 1																
finance	Loans to	customers			Current assets	Stocks Debtors	falling due	year	Cash at bank	and	investments					Financed by	Equity shareholders'	funds	Called-up	share capital	Share premium	account	Merger reserve	Profit and	loss account	Share capital	and reserves	Own shares

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291.3

291.3

		1 1 1 1	11111111	
Provisions for liabilities				
and charges	4.5	(4.5)	,	Current liabilities
Creditors			1	Current tax
Amounts falling due within one				
year	77.8	1.1	78.9	Other liabilities
		1 - 1	78.9	
		i i i i	; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;	Non-current
				liabilities
			•	Financial liabilities
			1	Deferred tax
			ı	Retirement benefit
		4.5	4.5	-obligationsProvisions
Amounts				
falling due after more				
than one year	4,967.4	1.2	4,968.6	Other liabilities
		1 1 1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
		5.7	4,973.1	
	5,341.0	2.3	5,343.3	
			8 H H H H H H H H H H H H H H H H H H H	

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Page	,

PRESENTATIONAL CHANGES TO 2005 UK GAAP RESULTS

Conversion of UK GAAP Balance Sheet to IFRS format 30 September 2004

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arke	
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UK GAAP information in IFRS Balance Sheet format	Non-current assets	Intangible assets	Property, plant and									Financial assets Deferred tax asset		Current assets		Other receivables		Cash and cash	equivalents	
£m		(14.0)	9.5									4,529.9	i i			g.8			402.5	411.4
£m		ı	6.1									1	6.1	()	#· · · · · · · · · · · · · · · · · · ·	0.1	(230.5)	1	230.5	- 1
£m		(14.0)	3.4									4,529.9	4,519.3							414.7
£m		e et				1,557.7	, , , , , , , , , , , , , , , , , , ,	-(-5-026-1-)-	37.4		4,492.5				ዞ • ነ	8.8	230.5	1	172.0	
Balance Sheet presented under UK GAAP Assets Employed	Fixed assets Intangible assets	goodwill Tangible	assets	Investments Assets subject	non-recourse	finance	Non-recourse			Loans to	customers			Current assets	Debtors falling due within one	year	Investments	Cash at bank	and in nand	

			(
		4,934.0	2.8	4,936.8	
Financed by Equity shareholders' funds					Equity shareholders' funds
Called-up share capital		12.0	1	12.0	Share capital
account Merger reserve Profit and	68.8 (70.2)		1 1	68.8 (70.2)	Share premium Merger reserve
count	270.1		i	270.1	account
		268.7			
Share capital and reserves		280.7	1	280.7	Share capital and reserves
Own shares		(12.3)	•	(12.3)	Own shares
	 	268.4	•	268.4	
Provisions for liabilities		t	, 1 2 5 5 6 1 1 1	[]] [] ! !	
and charges		5.6	(2.6)		Current liabilities
Creditors				ı	liabilities Current tax
Amounts falling due within one					
year	66.4		1.6		Other liabilities
		i i	1.6	68.0	
				1 1	Non-current liabilities Financial liabilities Deferred tax

http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=1164797&source=RNS

liabilities

- Retirement benefit obligations

5.6 5.6 Provisions

1.2 4,594.8 Other liabilities
4,660.0 6.8 4,600.4
4,934.0 2.8 4,936.8

4,593.6

than one year

falling due

Amounts

after more

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Company

Paragon Group Of Companies PLC

TIDM

Trading and IFRS Statement

OFFICE OF INTERNATIONAL CORPORATE FINANCE

Headline Released

07:00 21-Feb-06

Number

6856Y

RNS Number: 6856Y

Paragon Group Of Companies PLC

21 February 2006

TRADING STATEMENT AND IFRS UPDATE

Paragon Group of Companies PLC today announces an update on its current trading. It also announces that it will be briefing investors and analysts on the key impacts of its adoption of International Financial Reporting Standards ('IFRS'). The Group has adopted IFRS for the year ending 30 September 2006.

Trading Statement

Lending activity has been strong in the year to date, with completions already in excess of £1 billion, some 60% higher than a year ago. This growth is principally attributable to the buy-to-let business, where application flows and completed loans are significantly ahead of the comparable period last year, whilst activity in the consumer finance businesses remains at similar levels to last year in accordance with our expectations.

The Board is confident, at this stage, that our objectives for this year will be achievable and we expect to be able to report good progress in our interim report to shareholders during May.

IFRS Update

IFRS briefing published today includes Income Statements for the six months ended 31 March 2005 and the year ended 30 September 2005, Balance Sheets as at 1 October 2004, 31 March 2005, 30 September 2005 and 1 October 2005, Statements of Recognised Income and Expense for the periods ended 31 March 2005 and 30 September 2005 and Reconciliations of Movements in Equity for the periods ended 31 March 2005 and 30 September 2005 converted from UK GAAP to IFRS together with detailed explanations of the key changes.

In accordance with the exemptions available in IFRS 1, the Group has not restated its 2005 results for the effects of the adoption of IAS 32 and 39, dealing with financial instruments. The figures which will be shown as comparatives in the 2006 accounts and interims are:

30 September 2005		31 March 2005	
IFRS	UK GAAP	IFRS	UK GAAP
£71.8m	£72.7m	£33.5m	£33.9m
£55.8m	£60.7m	£25.9m	£28.5m
48.9p	53.3p	22.7p	24.9p
£312.8m	£308.0m	£295.3m	£291.3m
	1FRS £71.8m £55.8m 48.9p	IFRS UK GAAP £71.8m £72.7m £55.8m £60.7m 48.9p 53.3p	IFRS UK GAAP IFRS £71.8m £72.7m £33.5m £55.8m £60.7m £25.9m 48.9p 53.3p 22.7p

* The UK GAAP figures include a credit to the profit and loss account of £4.1

million for the year ended 30 September 2005, (£2.2 million for the six months ended 31 March 2005) in respect of amortisation of negative goodwill, which is excluded from the IFRS comparatives.

The principal changes reflected above are:

- •Negative goodwill from the acquisition of Mortgage Trust no longer carried in the balance sheet and amortised.
- •Recognition of defined benefit pension scheme deficit in liabilities.
- •Dividends payable not recognised until approved.
- •Changes in treatment of leasehold assets.
- ·Additional charges for share based payment.

Whilst the effects of IAS 32 and 39 are not included in the statutory comparatives, the Group has prepared pro forma comparatives which include the impairment and amortised cost provisions of these standards. On this basis the reported figures would have been as follows:

	30 Septemb	per 2005	31 Mai	rch 2005
	IFRS	UK GAAP	IFRS	UK GAAP
Profit for the period, excluding				
amortisation of goodwill	£71.7m	£72.7m	£34.5m	£33.9m
* Profit after tax	£55.7m	£60.7m	£26.6m	£28.5m
* Basic earnings per share	48.8p	53.3p	23.3p	24.9p
Net assets	£244.4m	£308.0m	£227.7m	£291.3m

* The UK GAAP figures include a credit to the profit and loss account of £4.1 million for the year ended 30 September 2005, (£2.2 million for the six months ended 31 March 2005) in respect of amortisation of negative goodwill, which is excluded from the IFRS comparatives.

The IFRS pro forma profit is similar to the IFRS comparative profit shown above and results, through the application of IAS 32 and 39, from a £6.6 million credit from income recognition being offset by a £6.7 million increase in impairment charges. On a divisional breakdown, a benefit of £6.6 million arises in the Group's ongoing buy-to-let and consumer finance businesses, offset by a reduction in profit within the Group's discontinued businesses (comprising primarily the unsecured personal loan book and the residual owner-occupied itgage portfolios) of £6.7 million against the comparative.

The reduction in net worth as a result of the application of IAS 32 and 39 arises principally from a reduction in the value of loans to customers within the Group's discontinued business areas, particularly the unsecured personal loan book where a high discount rate has been applied to expected cash flows.

Accounting under IFRS does not affect the fundamentals of the Group's business, but reflects a different basis of measurement and presentation of its performance in any one accounting period. The business, its cash flows and hedging policies are unaffected by what is principally an issue of the timing of recognition of income, costs, assets and liabilities.

For further information please contact:

Nigel S Terrington Chief Executive - Telephone 0121 712 2024

or

Nicholas Keen Finance Director - Telephone 0121 712 2060 This information is provided by RNS
The company news service from the London Stock Exchange

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Regulatory Announcement

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2000 JUL 10 P 1: 12

Company TIDM

Paragon Group Of Companies PLC POTENATE IN SOLUTION OF STATE PROPERTY OF STATE

Headline

Holding(s) in Company

Released

14:15 27-Feb-06

Number

9868Y

RNS Number: 9868Y

Paragon Group Of Companies PLC

27 February 2006

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 13,825,565 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 11.62% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Director/PDMR Shareholding

Released

17:18 01-Mar-06

Number

1591Z

RNS Number:1591Z

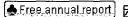
Name of company

Paragon Group Of Companies PLC

01 March 2006

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7906 JUL 10 P 1: 19





CFFICE OF INTERNATIONAL CORPORATE FINANCE

SCHED	TITE OF	71

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

; PARAGON GROUP OF COMPANIES PLC
2. Name of director NIGEL TERRINGTON
3. Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of a non-beneficial interest DIRECTOR'S SPOUSE
••••••••••••
4. Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them (if notified) JACQUELINE TERRINGTON
••••••••••••
Please state whether notification relates to a person(s) connected with the director named in 2 above and identify the connected person(s) DIRECTOR'S SPOUSE
• • • • • • • • • • • • • • • • • • • •
6. Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary PURCHASE OF SHARES
7. Number of shares / amount of stock acquired 6,965
8. Percentage of issued class 0.006%
9. Number of shares/amount of stock disposed

10. Percentage of issued class
11. Class of security ORDINARY SHARES OF 10P
12. Price per share PURCHASES:
6,965 SHARES @ £6.75 PER SHARE
13. Date of transaction 1 MARCH 2006
14. Date company informed 1 MARCH 2006
. Total holding following this notification 120,170
16. Total percentage holding of issued class following this notification 0.101%
······································
If a director has been granted options by the company please complete the following boxes.
17. Date of grant
18. Period during which or date on which exercisable
••••••
10. Total amount paid (if any) for grant of the option
20. Description of shares or debentures involved: class, number
21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
22. Total number of shares or debentures over which options held following this notification
23. Any additional information
24. Name of contact and telephone number for queries

http://www.londonstockexchange.com/LSECWS/IFSPages/MarketNewsPopup.aspx?id=117063... 06/03/2006

0121 712 2075	, ,

25. Name and signature of authorised comp this notification JOHN G. GEMMELL	pany official responsible for making
Date of Notification 1 MARCH 2006	
The FSA does not give any express or impledocument or material and does not accept The FSA is not liable for any damages (in for loss of business or loss of profits) from the use of or inability to use this it, or from any action or decision taken any such material.	any liability for error or omission. acluding, without limitation, damages arising in contract, tort or otherwise document, or any material contained in
A COMPANY	
SCHEDU	рв 11
NOTIFICATION OF INTERESTS OF D	IRECTORS AND CONNECTED PERSONS
1. Name of company THE PARAGON GROUP OF COMPANIES PLC	
	··
2. Name of director NICHOLAS KEEN	
	<u>.</u>
3. Please state whether notification ind of the shareholder named in 2 above or is or in the case of an individual holder i spouse or children under the age of 18 of interest DIRECTOR PERSONALLY	respect of a non-beneficial interest f it is a holding of that person's
	1
Name of the registered holder(s) and, shares held by each of them (if notified NICHOLAS KEEN	if more than one holder, the number of
• • • • • • • • • • • • • • • • • • • •	
5. Please state whether notification rel director named in 2 above and identify t DIRECTOR PERSONALLY	he connected person(s)
6. Please state the nature of the transa indicate whether general/single co PEP a PURCHASE OF SHARES	nd if discretionary/non discretionary
7. Number of shares / amount of stock ac 5,221	quired
	<u> </u>
8. Percentage of issued class 0.004%	
	ļ

3. Number of shares/amount of stock disposed
10. Percentage of issued class
11. Class of security ORDINARY SHARES OF 10P
••••••••••••
12. Price per share PURCHASES:
5,221 SHARES @ £6.75 PER SHARE
13. Date of transaction 1 MARCH 2006
(a)
14. Date company informed 1 MARCH 2006
15. Total holding following this notification 49,337
16. Total percentage holding of issued class following this notification 0.041%
If a director has been granted options by the company please complete the following boxes.
17. Date of grant
Feriod during which or date on which exercisable
19. Total amount paid (if any) for grant of the option
20. Description of shares or debentures involved: class, number
21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
22. Total number of shares or debentures over which options held following this notification

23. Any additional information	·
	ļ
24. Name of contact and telephone number JOHN G. GEMMELL 0121 712 2075	for queries
25. Name and signature of authorised comthis notification JOHN G. GEMMELL	
Date of Notification 1 MARCH 2006	
•••••	
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SCHEDU	T.E. 11
*	
NOTIFICATION OF INTERESTS OF D	TRECTORS AND CONNECTED PERSONS
1. Name of company THE PARAGON GROUP OF COMPANIES PLC	
2. Name of director PAWAN PANDYA	
•••••	• •
3. Please state whether notification ind of the shareholder named in 2 above or in the case of an individual holder in buse or children under the age of 18 cinterest	n respect of a non-beneficial interest f it is a holding of that person's
DIRECTOR PERSONALLY	
 Name of the registered holder(s) and, shares held by each of them (if notified PAWAN PANDYA 	
•••••	
5. Please state whether notification red director named in 2 above and identify t DIRECTOR PERSONALLY	
•••••	
6. Please state the nature of the transaindicate whether general/single co PEP a EXERCISE OF SHARE OPTIONS AND SALE OPTIONS AN	and if discretionary/non discretionary
7. Number of shares / amount of stock ac 140,000	cquired
	1

:		
	•••••	• • • • • • • • • • • • • • • • • • • •
	8. Percentage of issued class 0.118%	
		• • • • • • • • • • • • • • • • • • • •
	9. Number of shares/amount of stock disposed 103,000	
	10 Democrature of insural plans	
	10. Percentage of issued class 0.087%	• • • • • • • • • • • • • • • • • • • •
	11. Class of security ORDINARY SHARES OF 10P	
	12. Price per share PURCHASES:	
	60,000 SHARES @ £2.480 PER SHARE ,000 SHARES @ £1.865 PER SHARE	
	140,000	
	103,000 SHARES SOLD AT £6.75 PER SHARE, 37,00	00 RETAINED
	•••••	• • • • • • • • • • • • • • • • • • • •
	13. Date of transaction 1 MARCH 2006	
		•••••
	14. Date company informed 1 MARCH 2006	
	15. Total holding following this notification 37,000	n
	Total percentage holding of issued class	following this matification
	0.031%	forfowing this notification
	•••••	
	If a director has been granted options by the following boxes.	e company please complete the
	17. Date of grant	
	18. Period during which or date on which exe	rcisable
	19. Total amount paid (if any) for grant of	the option
)	20. Description of shares or debentures invo	lved: class, number
	·	

Page 6 of 10

Market News

	21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
	22. Total number of shares or debentures over which options held following this notification
	23. Any additional information
	24. Name of contact and telephone number for queries JOHN G. GEMMELL 0121 712 2075
	25. Name and signature of authorised company official responsible for making this notification HN G. GEMMELL
	Date of Notification 1 MARCH 2006
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	SCHEDULE 11
	NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS
	Name of company THE PARAGON GROUP OF COMPANIES PLC
	2. Name of director
	JONATHAN PERRY
	3. Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of a non-beneficial interest DIRECTOR PERSONALLY
	4. Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them (if notified) JONATHAN PERRY
}	
	5. Please state whether notification relates to a person(s) connected with the

DIRECTOR PERSONALLY
6. Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary EXERCISE OF SHARE OPTIONS AND SALE OF SHARES

7. Number of shares / amount of stock acquired 610,000
•••••••••••
8. Percentage of issued class 0.513%
9. Number of shares/amount of stock disposed 610,000
10. Fercentage of issued class 513%
11. Class of security ORDINARY SHARES OF 10P
12. Price per share PURCHASES:
200,000 SHARES @ £1.485 PER SHARE 170,000 SHARES @ £2.480 PER SHARE 20,000 SHARES @ £1.865 PER SHARE 120,000 SHARES @ £2.180 PER SHARE 100,000 SHARES @ £1.470 PER SHARE
NOTE AND COURT CHARD
SOLD AT £6.75 PER SHARE
13. Date of transaction 1 MARCH 2006
14. Date company informed 1 MARCH 2006
15. Total holding following this notification 309,579
16. Total percentage holding of issued class following this notification 0.260%
If a director has been granted options by the company please complete the following boxes.
17. Date of grant

,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
18. Period during which or date on which exercisable
19. Total amount paid (if any) for grant of the option
••••••••••
20. Description of shares or debentures involved: class, number
21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
22. Total number of shares or debentures over which options held following this notification
23. Any additional information
24. Name of contact and telephone number for queries JOHN G. GEMMELL 0121 712 2075
25. Name and signature of authorised company official responsible for making this notification JOHN G. GEMMELL
••••••••••
Date of Notification 1 MARCH 2006
· · · · · · · · · · · · · · · · · · ·
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CORPORATEFINANCE

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Company TIDM

Paragon Group Of Companies PLC

Director/PDMR Shareholding

Headline Released

17:24 01-Mar-06

Number

1599Z

RNS Number:1599Z

Paragon Group Of Companies PLC

01 March 2006

PURCHASE OF SHARES BY EMPLOYEE TRUST

On 1 March 2006 The Paragon Group of Companies PLC Employee Trust purchased 514,909 ordinary shares of 10p each in The Paragon Group of Companies PLC (the "Company") at 675p per share.

These shares were purchased to meet awards as they mature and are exercised under the Paragon Performance Share Plan, Matching Share Plan and Deferred Bonus Scheme which include the potential exercise by certain executive directors and other employees of the Company.

Following this purchase the total shares held by the various Paragon Group of Companies PLC Employee Trusts is 5,913,841.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Director/PDMR Shareholding

Released

16:15 08-Mar-06

Number

5117Z

RNS Number:5117Z

Paragon Group Of Companies PLC

08 March 2006

DIRECTOR SHAREHOLDING

On 7 March 2006 The Paragon Group of Companies PLC granted the following awards under the Paragon Performance Share Plan ("PPSP"):

Director	Award granted	Exercise period	Total awards outstanding
N S Terrington	35,722	07/03/09 - 07/09/09	395,426
N Keera	26,778	07/03/09 - 07/09/09	293,125
J A Heron	15,111	07/03/09 - 07/09/09	152,475
P Pandya	15,111	07/03/09 - 07/09/09	154,668

Under the terms of the PPSP one half of each new award will be subject to a total shareholder return ("TSR") performance condition and the other half to an earnings per share ("EPS") performance condition. In respect of both of these conditions the Company's performance will be compared to that of a group of companies drawn from the Banks and Speciality and Other Finance sectors. For the EPS measure, performance will be measured over the single three year period commencing 1 October 2005. For the TSR measure, performance will be measured over the single three year period commencing 1 January 2006. For both performance measures 35% of the award will vest for median performance, rising to 100% for performance on or above the upper quartile.

Enquiries:

John G Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Blocklisting Interim Review

Released

15:17 13-Mar-06

Number

7107Z

RNS Number:7107Z

Paragon Group Of Companies PLC

13 March 2006

SCHEDULE 5

BLOCKLISTING SIX MONTHLY RETURN

To: Listing Applications
UK Listing Authority
Financial Services Authority
25, The North Colonnade
Canary Wharf
London, E14 5HS

Please ensure the entries on this return are typed

1. Name of company THE PARAGON GROUP OF COMPANIES PLC	
•••••	
2. Name of scheme THE PARAGON 2000 EXECUTIVE SHARE OPTION SC	
3. Period of return: 12/09/2005	11/03/2006
From T	0
4. Number and class of share(s) (amount of under scheme 305,000	stock / debt security) not issued
•••••	<u></u>
5. Number of shares issued / allotted unde $115,000$	<u> </u>
6. Balance under scheme not yet issued / a 190,000	llotted at end of period
• • • • • • • • • • • • • • • • • • • •	
7. Number and class of share(s) (amount of listed and the date of admission; 595,000 ORDINARY SHARES OF 10P EACH ON 09/	
Please confirm total number of shares in i for us to update our records 121,041,226 GROSS	ssue at the end of the period in order

119,251,226 NET OF SHARES HELD IN TREASURY

Contact for queries:

Name

JOHN GEMMELL

Address

ST CATHERINE'S COURT

HERBERT ROAD SOLIHULL WEST MIDLANDS B91 3QE

Telephone

0121 712 2075

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QUAPORATE FINA 1808

A Free annual report

Company

Paragon Group Of Companies PLC

TIDM

Headline

Director/PDMR Shareholding

Released

10:46 14-Mar-06

Number

7551Z

RNS Number: 7551Z

Paragon Group Of Companies PLC

14 March 2006

DIRECTOR SHAREHOLDING

On 13 March 2006 the trustee of The Paragon Group of Companies PLC Employee Trust ("the Trustee") granted the following award of Ordinary Shares of 10p to certain directors of the Company, for nil consideration or payment, under the Company's Deferred Annual Bonus Scheme in respect of the bonuses for the year ended 30 September 2005.

Director	Award granted	Transfer date
N S Terrington	22,904	1 October 2008
N Keen	17,178	1 October 2008
J A Heron	9,416	1 October 2008
P Pandya	9,416	1 October 2008

Under the terms of the scheme the Trustee will procure that the shares are transferred to the scheme participants as soon as reasonably practicable after the transfer date reported above, subject to a participant continuing to hold office or employment with The Paragon Group of Companies PLC and to the provisions of the Model Code.

Enquiries:

John G Gemmell, Group Company Secretary 0121 712 2075

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Com	pany

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Director/PDMR Shareholding

Released

10:53 14-Mar-06

Number

7560Z

RNS Number:7560Z

Paragon Group Of Companies PLC

14 March 2006

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1. Name of company THE PARAGON GROUP OF COMPANIES PLC
2. Name of director JOHN HERON
3. Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of a non-beneficial interest DIRECTOR PERSONALLY
4. Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them (if notified) AS ABOVE
5. Please state whether notification relates to a person(s) connected with the director named in 2 above and identify the connected person(s) DIRECTOR PERSONALLY
6. Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary PURCHASE OF SHARES
7. Number of shares / amount of stock acquired 3,650
8. Percentage of issued class 0.003%
9. Number of shares/amount of stock disposed

10. Felcentage of issued class
•••••••••
11. Class of security ORDINARY SHARES OF 10P EACH
12. Frice per share £6.81

13. Date of transaction 13/03/2006

14. Date company informed 13/03/2006
15. Total holding following this notification 9,250
16. Total percentage holding of issued class following this notification 0.007%
If a director has been granted options by the company please complete the following boxes.
17. Date of grant
18. Period during which or date on which exercisable
19. Total amount paid (if any) for grant of the option
20. Description of shares or debentures involved: class, number
21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
22. Total number of shares or debentures over which options held following this notification
••••••••••••
23. Any additional information
24. Name of contact and telephone number for queries JOHN G. GEMMELL

Market News	ļ	Page 3 of 3
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25. Name and signature of authorised company official responsible for making this notification

JOHN G. GEMMELL

Date of Notification
14/03/2006

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TIDM

Paragon Group Of Companies PUB JUL 10 P 1: 13

Headline Released

Director/PDMR Shareholding EPICE OF INTERNATIONAL 10:57 14-Mar-06 CORPORATE FILLANCE.

Number

7568Z

RNS Number:7568Z

Paragon Group Of Companies PLC

14 March 2006

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1. Name of company THE PARAGON GROUP OF COMPANIES PLC
2. Name of director PAWAN PANDYA
3. Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of a non-beneficial interest DIRECTOR PERSONALLY

4. Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them (if notified) AS ABOVE
5. Please state whether notification relates to a person(s) connected with the director named in 2 above and identify the connected person(s) DIRECTOR PERSONALLY
6. Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary PURCHASE OF SHARES AND EXERCISE OF AWARD UNDER THE PARAGON PERFORMANCE SHARE PLAN ("PPSP")
7. Number of shares / amount of stock acquired 37,861
8. Percentage of issued class 0.032%
······································
9. Number of shares/amount of stock disposed

10. Percentage of issued class
••••••••••
11. Class of security ORDINARY SHARES OF 10P EACH
12. Price per share 3,650 @ £6.81 34,211 @ £0.00 (PPSP)
13. Date of transaction 13/03/2006
14. Date company informed 13/03/2006
15. Total holding following this notification 74,861
16. Total percentage holding of issued class following this notification 0.063%
If a director has been granted options by the company please complete the following boxes.
i i
17. Date of grant
17. Date of grant
18. Period during which or date on which exercisable
18. Period during which or date on which exercisable
18. Period during which or date on which exercisable 19. Total amount paid (if any) for grant of the option
18. Period during which or date on which exercisable 19. Total amount paid (if any) for grant of the option
18. Period during which or date on which exercisable 19. Total amount paid (if any) for grant of the option 20. Description of shares or debentures involved: class, number
18. Period during which or date on which exercisable 19. Total amount paid (if any) for grant of the option 20. Description of shares or debentures involved: class, number 21. Exercise price (if fixed at time of grant) or indication that price is to be
18. Period during which or date on which exercisable 19. Total amount paid (if any) for grant of the option 20. Description of shares or debentures involved: class, number 21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise
18. Period during which or date on which exercisable 19. Total amount paid (if any) for grant of the option 20. Description of shares or debentures involved: class, number 21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise 22. Total number of shares or debentures over which options held following this
18. Period during which or date on which exercisable 19. Total amount paid (if any) for grant of the option 20. Description of shares or debentures involved: class, number 21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise 22. Total number of shares or debentures over which options held following this notification 23. Any additional information
18. Period during which or date on which exercisable 19. Total amount paid (if any) for grant of the option 20. Description of shares or debentures involved: class, number 21. Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise 22. Total number of shares or debentures over which options held following this notification

JOHN G. GEMMELL 0121 712 2075 25. Name and signature of authorised company official responsible for making this notification JOHN G. GEMMELL Date of Notification 14/03/2006

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Director/PDMR Shareholding

Released

16:57 22-Mar-06

Number

2314A

RNS Number: 2314A

Paragon Group Of Companies PLC

22 March 2006

22 March 2006

DIRECTOR SHAREHOLDING

On 22 March 2006 The Paragon Group of Companies PLC granted the following awards under the Paragon Matching Share Plan ("PMSP");

Director	Award granted	Total awards outstanding
N S Terrington	32,086	32,086
N Keen	24,052	24,052
J A Heron	16,966	16,966
P Pandya	16,966	16,966

Under the terms of the PMSP one half of each new award will be subject to a total shareholder return ("TSR") performance condition and the other half to an earnings per share ("EPS") performance condition. In respect of both of the conditions the Company's performance will be compared to that of a group of companies drawn from the Banks and Speciality and Other Finance sectors. For the EPS measure, performance will be measured over the single three year period commencing 1 October 2005. For the TSR measure, performance will be measured over the single three year period commencing 1 January 2006. For both performance measures 35% of the award will vest for median performance, rising to 100% for performance on or above the upper quartile.

Awards are exercisable for six months from the date on which the Remuneration Committee determines the extent to which the performance conditions have been satisfied.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC 2005 JUL 10 P 1: 19

TIDM

Headline

Transaction in Own Shares

OFFICE OF INTERMATIONA .
CORPORATE FINANCL

Released

17:16 28-Mar-06

Number

5529A

RNS Number:5529A

Paragon Group Of Companies PLC

28 March 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

28 March 2006

Number of ordinary shares purchased:

179,000

Highest price paid per share:

748p

Lowest price paid per share:

748p

The Paragon Group of Companies PLC intends to hold the purchased shares in

Following the purchase of these shares, The Paragon Group of Companies PLC holds 1,969,000 of its ordinary shares in treasury and has 119,116,226 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Transaction in Own Shares

Released

16:21 31-Mar-06

Number

8048A

RNS Number: 8048A

Paragon Group Of Companies PLC

31 March 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

31 March 2006

Number of ordinary shares purchased:

250,000

Highest price paid per share:

740p

Lowest price paid per share:

740p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 2,219,000 of its ordinary shares in treasury and has 118,867,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Headline Released

16:36 31-Mar-06

Paragon Group Of Companies PLC

Number

8087A

RNS Number: 8087A

Paragon Group Of Companies PLC

31 March 2006

The Paragon Group of Companies PLC

Close Period Share Repurchase Programme

On 25 May 2005, The Paragon Group of Companies PLC ("the Company" or "Paragon") announced its intention to return up to £20 million to its shareholders through a share repurchase programme. This programme commenced on 3 June 2005 and to date the Company has bought back 2,219,000 of its shares into treasury at a total cost of £11.5 million.

Paragon intends to enter into an irrevocable non-discretionary arrangement to enable the repurchase of its own shares into treasury during its close period, which commences on 31 March 2006 and ends with the publication of its preliminary results on 23 May 2006. Any acquisitions will be effected within certain pre-set parameters, and in accordance with both the Company's general authority to repurchase shares and the Listing Rules.

For further information:

The Paragon Group of Companies PLC John G Gemmell, Group Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Transaction in Own Shares

Released

07:00 07-Apr-06

Number

1719B

RNS Number:1719B

Paragon Group Of Companies PLC

06 April 2006

Paragon Group Of Companies PLC

6 April 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

6 April 2006

Number of ordinary shares purchased:

78.000

Highest price paid per share:

731.52p

Lowest price paid per share:

731.52p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 2,297,000 of its ordinary shares in treasury and has 118,789,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Transaction in Own Shares

Released

17:05 11-Apr-06

Number

3952B

RNS Number:3952B

Paragon Group Of Companies PLC

11 April 2006

Paragon Group Of Companies PLC 11 April 2006

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2006 JUL 10 P 1: 19

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CORPORATEFINANCE

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PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

Number of ordinary shares purchased:

Highest price paid per share:

Lowest price paid per share:

11 April 2006

50,000

706.00p

706.00p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 2,347,000 of its ordinary shares in treasury and has 118,739,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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2006 JUL 10 P 1:50 Paragon Group Of Companies PLGFFICE OF INTERNATIONA CORPORATE FINANCE

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Company

TIDM Headline

Released

18:02 12-Apr-06

Number

4801B

RNS Number: 4801B

Paragon Group Of Companies PLC

12 April 2006

Paragon Group Of Companies PLC 12 April 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

12 April 2006

Number of ordinary shares purchased:

30,000

Highest price paid per share:

685.50p

Lowest price paid per share:

680.00p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 2,377,000 of its ordinary shares in treasury and has 118,709,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

MOIT

PAG

Headline

Blocklisting Interim Review

Released

11:34 19-Apr-06

Number

6580B

RNS Number: 6580B

Paragon Group Of Companies PLC

19 April 2006

BLOCKLISTING SIX MONTHLY RETURN

1. Name of company

The Paragon Group of Companies PLC

2. Name of scheme

Executive Share Option Scheme

3. Period of return:

From 17/10/05 To 16/04/06

4. Number and class of share(s) (amount of stock / debt security) not issued under scheme

951,000

5. Number of shares issued / allotted under scheme during period:

156,000

6. Balance under scheme not yet issued / allotted at end of period

795,000

7. Number and class of share(s) (amount of stock / debt securities) originally listed and the date of admission;

2,753,000 Ordinary Shares of 10p each on 19/03/2002

Please confirm total number of shares in issue at the end of the period in order for us to update our records

121,086,624 Gross

118,709,624 Net of shares held in Treasury

Contact for queries

Name: Mr John Gemmell

Address: St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE

Telephone: 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Transaction in Own Shares

Released

16:59 24-Apr-06

Number

9086B

RNS Number: 9086B

Paragon Group Of Companies PLC

24 April 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

Number of ordinary shares purchased:

Highest price paid per share:

Lowest price paid per share:

Lowest price paid per snare:

Volume weighted average price paid per share:

24 April 2006

40,000

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2006 JUL 10 P 1:50

CORPORATE FINANCE

699p

696.5p

696.6p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 2,417,000 of its ordinary shares in treasury and has 118,669,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary

0121 712 2075

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2006 JUL 10 P 1: - n

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Company

Paragon Group Of Companies PLC

TIDM

PAG

9837B

OFFICE OF INTERMATION

Headline Released Transaction in Own Shares

Number

17:36 25-Apr-06

RNS Number: 9837B

Paragon Group Of Companies PLC

25 April 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

Number of ordinary shares purchased:

Highest price paid per share:

Lowest price paid per share:

Volume weighted average price paid per share:

25 April 2006

65,000

700.0p

700.0p

700.0p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 2,482,000 of its ordinary shares in treasury and has 118,604,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Transaction in Own Shares

Released

16:57 12-May-06

Number

9272C

RNS Number:9272C

Paragon Group Of Companies PLC

12 May 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

12 May 2006

Number of ordinary shares purchased:

129,000

Highest price paid per share:

699.0p

Lowest price paid per share:

650.0p

Volume weighted average price paid per share: 686.62p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 2,611,000 of its ordinary shares in treasury and has 118,475,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary

0121 712 2075

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Regulatory Announcement

Go to market news section

Company Paragon Group Of Companies PLC PAG

TIDM

Headline

Transaction in Own Shares

Released

16:56 15-May-06

Number

0056D

RNS Number: 0056D

Paragon Group Of Companies PLC

15 May 2006

PURCHASE OF OWN SHARES -----

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

Number of ordinary shares purchased:

Highest price paid per share: Lowest price paid per share:

15 May 2006

117,500

675.0p 668.0p

Volume weighted average price paid per share:

670.23p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 2,728,500 of its ordinary shares in treasury and has 118,358,124 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Go to market news section

Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline Released Transaction in Own Shares

Number

16:56 16-May-06 0825D

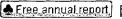
RNS Number: 0825D

Paragon Group Of Companies PLC

16 May 2006

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2006 JUL 10 P 1:50





FFICE OF INTERNATIONAL CORPORATE FINANCE

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

16 May 2006

Number of ordinary shares purchased:

124,000

Highest price paid per share:

670.0p

Lowest price paid per share:

655.0p

Volume weighted average price paid per share:

668.95p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 2,852,500 of its ordinary shares in treasury and has 118,234,124 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Paragon Group Of Companies PLC

Company TIDM

PAG

Headline

Transaction in Own Shares

Released

16:58 17-May-06

Number

1596D

RNS Number: 1596D

Paragon Group Of Companies PLC

17 May 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

Number of ordinary shares purchased:

Highest price paid per share:

Lowest price paid per share:

Volume weighted average price paid per share:

17 May 2006

150,000

688.5p

682.56p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,002,500 of its ordinary shares in treasury and has 118,084,124 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary

0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company

Released

16:38 18-May-06

Number

2287D

RNS Number: 2287D

Paragon Group Of Companies PLC

18 May 2006

HOLDING IN COMPANY

We have today received notification from Columbia Wanger Asset Management L.P. to advise that they now hold 5,902,000 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 5.01% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Transaction in Own Shares

Released

17:01 18-May-06

Number

2320D

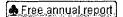
RNS Number:2320D

Paragon Group Of Companies PLC

18 May 2006

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FICE OF INTERNATIONAL

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Date of purchase:

Number of ordinary shares purchased:

Highest price paid per share:

Lowest price paid per share:

18 May 2006

164,000

657.0p

645.0p

Volume weighted average price paid per share:

650.39p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,166,500 of its ordinary shares in treasury and has 117,920,124 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075.

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Transaction in Own Shares

Released

16:49 19-May-06

Number

3057D

RNS Number:3057D

Paragon Group Of Companies PLC

19 May 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Date of purchase:

19 May 2006

Number of ordinary shares purchased:

52,500

Highest price paid per share:

654.0p

Lowest price paid per share:

647.0p

Volume weighted average price paid per share: 650.96p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,219,000 of its ordinary shares in treasury and has 117,867,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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2096 JUL 19 P 1: 29

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CORPORATEFINANCS

Company TIDM

Paragon Group Of Companies PLC

Headline

Interim Results

Released

07:00 23-May-06

Number

3909D

RNS Number: 3909D

Paragon Group Of Companies PLC

23 May 2006

Under embargo until Stock Exchange announcement: 7am, Tuesday 23 May 2006

BUY-TO-LET GROWTH BOOSTS PARAGON

The Paragon Group of Companies PLC ("Paragon"), one of the UK's largest independent specialist lenders offering buy-to-let mortgages and consumer finance, today announces its interim results for the six months ended 31 March 2006.

Highlights include:

- •Profit before tax increased by 16.4% on a statutory basis to £39.0 million (2005 H1: £33.5 million) and by 13.0% on a proforma basis (2005 H1 proforma*: £34.5 million)
- •Earnings per share increased by 26.9% on a statutory basis to 28.8p (2005 H1: 22.7p) and by 23.6% on a proforma basis (2005 H1 proforma*: 23.3p)
- •Interim dividend increased by 32.7% to 6.9p per share (2005 H1 : 5.2p)
- •Loan advances increased by 86.5% to £1,525.0 million (2005 H1: £817.9 million)
- •Buy-to-let loan advances increased by 111.4% to £1,334.5 million (2005 H1: £631.4 million)
- Loan assets increased by 18.8% to £7,232.9 million on a statutory basis (2005 H1: £6,087.0 million) and by 20.7% on a proforma basis (2005 H1 proforma*: £5,990.5 million)
- Record mortgage pipeline gives strong start to second half year
- Pension scheme deficit at 30 September 2005 eliminated by special contribution
- •Share repurchase programme increased to £30 million
- * For all references to proforma numbers see note 10

Commenting on the results, Jonathan Perry, Chairman of Paragon, said:

"The Group has had an excellent first half, with strong growth in profits and business volumes.

We enter the second half of the year with the buy-to-let mortgage pipeline significantly higher than last year which, with a continued focus on cost and arrears management, leaves us confident that the Group will meet its business objectives for the year."

For further information, please contact:

The Paragon Group of Companies PLC Nigel Terrington, Chief Executive Nick Keen, Finance Director Tel: 0121 712 2024

The Wriglesworth Consultancy Mark Baker

Tel: 020 7845 7900 Mobile: 07980 635 243

CHAIRMAN'S STATEMENT

The six months ended 31 March 2006 has been a period of further strong growth in profits, business volumes and loan assets, with buy-to-let mortgages being the principal engine for this growth.

During the period, profit on ordinary activities before taxation increased by 16.4% on a statutory basis to £39.0 million from £33.5 million for the first half of 2005, and by 13.0% from £34.5 million on a proforma basis (see below). Earnings per share increased by 26.9% on a statutory basis to 28.8p (2005 H1: 22.7p) and by 23.6% on a proforma basis (2005 proforma 23.3p).

Total loan advances during the six months to 31 March 2006 were 86.5% higher at £1,525.0 million compared with £817.9 million for the first half of 2005, with most of this growth coming from the buy-to-let business. At 31 March 2006, loan assets were £7,232.9 million (note 6), compared with £6,087.0 million on a statutory basis (£5,990.5 million on a proforma basis) at 31 March 2005, an increase of 20.7% on a proforma basis.

The Board has declared an interim dividend of 6.9p per share, payable on 31 July 2006 to shareholders on the register at 30 June 2006, an increase of 32.7% from last year's interim dividend of 5.2p per share, as we progress towards a market level of dividend cover.

In adopting International Financial Reporting Standards ("IFRS") for the first time, the Group has not applied IAS 32 and IAS 39 in compiling the statutory comparative figures for the six months ended 31 March 2005 shown in this report. In order to aid comparison of the 2006 and 2005 results, additional proforma information has been provided within this statement, showing the results for that period as they would have been stated had the Group applied those provisions of IAS 32 and IAS 39 relating to accounting for the Group's loan assets. Further information is given in note 10. For all references to proforma disclosures refer to this note. A full statement of the effects of the transition to IFRS was issued by the Group on 21 February 2006.

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2006 (Unaudited)

	Six months to	Six months to	Six months to
	31 March	31 March	31 March
	2006	2005	2005
		Proforma	Statutory
	£m	£m	£m
Interest receivable	254.9	240.0	241.6
Interest payable and			
similar charges	(183 . 6	(178.6)	(196.5)
Net interest income	71.3	61.4	45.1
Other operating income	15.2	14.9	18.0
Motel enoughing income	86.5	76.3	63.1
Total operating income			
Operating expenses	(24).8	3) (21.1)	(21.1)

Provisions for losses	(23.6)	(20.7)	(8.5)
Rain walus wat sains /	38.1	34.5	33.5
Fair value net gains / (losses)	0.9	-	-
Operating profit being profit on ordinary			
activities before taxation Tax charge on profit on	39.0	34.5	33.5
ordinary activities	(6.5)	(7.9)	(7.6)
Profit on ordinary			
activities after taxation	32.5	26.6	25.9
	=======	22=2=2=2	========
Proposed dividend - Rate	İ		
per share	6.9p	5.2p	5.2p
Basic earnings per share	28.8p	23.3p	22.7p
Diluted earnings per share	27.4p	22.4p	21.8p
	=========	*======	========

For management purposes the Group is organised into two major operating divisions, Buy-To-Let Mortgages and Consumer Finance, which includes secured lending and car and retail finance. These divisions are the basis on which the Group reports primary segmental information.

Other Operations comprises closed loan books arising from owner-occupied mortgages and unsecured personal lending operations where no further new business is being written and existing assets are being run down.

The adjusted operating results of these business segments are detailed fully in note 3 and are summarised below.

	Six months	Six months	Six months
	to	to	to
	31 March	31 March	31 March
	2006	2005	2005
		Proforma	Statutory
	£m	£m	£m
Operating result before fair value adjustments			
Buy-to-Let Mortgages	23.0	17.1	14.8
Consumer Finance	12.1	9.5	8.1
Other Operations	3.0	7.9	10.6
	38.1	34.5	33.5
		22522522	2======

Net interest income increased by 16.1% to £71.3 million from £61.4 million on a proforma basis for the first half of 2005, as a result of the growth of the loan portfolio. Average margins were similar to the first half of 2005, reflecting the predominance of buy-to-let lending in the Group's business, where improvements in funding costs compensated for more competitive pricing in the buy-to-let book. This, in turn, helped to drive the strong book growth seen over the period.

Other operating income was similar to the first half of 2005 at £15.2 million, compared with £14.9 million on a proforma basis.

Operating expenses increased by 17.5% to £24.8 million from £21.1 million for the first half of 2005. Of this increase, £2.0 million relates to the charge for share based payment and is partially driven by the impact of the increased share price over the period on the value of share based awards. Excluding the charge

for share based payment, operating expenses rose 8.8% to £21.1m from £19.4m in the first half of 2005. Control over operating costs, through tight financial discipline and by maintaining cost efficiency, continues to be a major focus of the Group's management and is a significant driver for our competitive position in our lending markets.

The charge for impairment provisions of £23.6 million compares with £20.7 million on a proforma basis for the first half of 2005. As a percentage of loans to customers (note 6) the charge remained consistent (on the proforma basis) with that for the first half of 2005 at 0.3%. This charge includes amounts in respect of income which, although accounting standards require it to be charged, is not expected to be received by the Group and hence also increases the charge for loan impairment. Under UK GAAP such income was not recognised. The loan books continue to be carefully managed and the arrears performance remains in line with our expectations, with the buy-to-let book continuing to be exemplary.

Fair value net gains of £0.9 million have arisen from the IFRS requirement that movements in the fair value of hedging instruments attributable to ineffectiveness in the hedging arrangements should be credited or charged to income and expense. Any ineffectiveness arising from differences between the fair value movements of hedging instruments and the fair value movements of the hedged assets or liabilities should trend to zero over time, so any recorded inefficiencies should be excluded when considering the underlying results of any accounting period.

The charge to tax has been reduced by an exceptional credit of £4.3 million as a result of the settlement of a prior year item, reducing the tax charge rate to 16.7% for the period.

REVIEW OF OPERATIONS

BUY-TO-LET MORTGAGES

Buy-to-let mortgage completions were £1,334.5 million for the six months to 31 March 2006, an increase of 111.4% from £631.4 million for the corresponding period last year. At 31 March 2006, the aggregate loans outstanding in the Paragon Mortgages and Mortgage Trust buy-to-let portfolios had increased by 35.6% to £5,964.9 million from £4,400.0 million at 31 March 2005 on the proforma basis (35.6% increase on the statutory basis from £4,398.6 million). A strong pipeline of new business at the end of the period should ensure a strong start to the second half of the year.

The housing market has remained robust over the winter period and activity amongst buy-to-let landlords has been building since mid 2005. This is evidenced by the Council of Mortgage Lenders' buy-to-let survey for the second half of 2005, which showed a net increase of 70,000 outstanding buy-to-let mortgages over the six month period. Buy-to-let advances totalled 9% of gross UK mortgage advances in the six months to December 2005, up from 8% in the previous half year. This accords with the latest surveys by the Royal Institution of Chartered Surveyors, which report a rise in new landlord instructions on the back of very strong tenant demand.

Following the acquisition of Mortgage Trust, the Group's strategy has been to operate on a broad front within the buy-to-let market. The success of the development of the Mortgage Trust proposition, along with developments at Paragon Mortgages has allowed the Group to capitalise on rising tenant demand and on the uplift in landlord activity by competing effectively for the business of a broad range of residential landlords with differing portfolio sizes and investment objectives.

CONSUMER FINANCE

Completions by the consumer finance businesses were £189.2 million during the

period, an increase of 4.8% from £180.6 million during the corresponding period of the previous year. At 31 March 2006, the total loans outstanding on the consumer finance books were £703.7 million, compared with £711.2 million on the proforma basis at 31 March 2005 (£718.1 million on the statutory basis). This fall reflects the general weakness in the consumer lending markets and our objective of maintaining portfolio quality.

The division continues to focus on writing high quality loans, and bad debt levels within the business remain below the market averages.

Secured personal finance

Weaker consumer activity has continued to impact consumer lending. Data published by the Finance & Leasing Association during the period has evidenced lower secured lending volumes against the corresponding period last year. In this environment we remain cautious and have tightened our credit policy to ensure the maintenance of high quality lending. Secured personal finance advances were £117.6 million, a reduction of 6.2% from £125.4 million in the first half of 2005.

Sales aid finance

The sales aid finance business, incorporating retail and car finance, saw a 29.7% increase in volumes to £71.6 million during the six months ended 31 March 2006 (2005 H1: £55.2 million). The refocusing of the retail business on expanding the distribution base has led to many new retailer accounts where retailers have been attracted by our technology and service. Our objective is to build on this progress during the second half of the year.

FUNDING

The Group continued to be an active issuer in the capital markets during the period. In November 2005, a £1.0 billion securitisation was completed by Paragon Mortgages (No. 10) PLC and, in March 2006, a further £1.0 billion securitisation was completed by Paragon Mortgages (No. 11) PLC. Each of these was completed on more favourable terms than the preceding transaction, reflecting the increasingly positive attitude of investors in the capital markets to our buy-to-let mortgage originations.

In order to provide finance for the increased level of loan completions, the Group's committed sterling warehouse facility, provided by a consortium of banks, was increased in April 2006 from £1,425.0 million to £2,325.0 million, on finer terms.

PENSION SCHEME

During the period the Group made a special contribution of £14.6 million to the Paragon Pension Scheme. The amount was equal to the IAS 19 deficit at 30 September 2005 and the special contribution puts the scheme on a more secure financial footing, as well as minimising the Group's ongoing payments to the Pension Protection Fund.

CAPITAL MANAGEMENT

Last May we reported, as a consequence of the changing mix of the Group's business, that the Board had identified surplus capital available for distribution to shareholders. As a consequence the dividend was significantly increased and a share repurchase programme of up to £20.0 million was established. During the period the Company bought 429,000 shares from the market at a cost of £3.2 million with the result that by 31 March 2006 a total of 2,219,000 shares had been repurchased, at a total cost of £11.6 million. A further 1,000,000 shares have been repurchased since 31 March 2006 at a cost of £6.8 million.

Over the period we have continued to reduce the risk profile of the Group's loan assets through a disciplined restructuring of the portfolio from unsecured towards less capital demanding secured lending. As a result, the Board will increase the amount set aside to repurchase shares from the market by a further £10.0 million, within the authority granted by shareholders at the 2006 Annual General Meeting. This will make available a further £11.6 million to be invested in the repurchase programme going forward.

CONCLUSION

The Group has had an excellent first half, with strong growth in profits and business volumes and the credit performance of the loan books remains in line with our expectations. In addition we have continued to develop our buy-to-let product proposition to compete for the business of a broad range of investors. A strong cash position has enabled the Group to make a special contribution to the staff pension scheme, to announce a further substantial increase in dividend and to extend the share buy-back programme.

We enter the second half of the year with the buy-to-let mortgage pipeline significantly higher than last year which, with a continued focus on cost and arrears management, leaves us confident that the Group will meet its business objectives for the year. Strong tenant demand over the period reflects the increasing importance of the private rented sector in today's housing market and the drivers to demand point to a favourable long-term outlook for this business.

Jonathan Perry Chairman 23 May 2006

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2006 (Unaudited)

Note	Six months	Six months	Year
	to	to	to
•	31 March	31 March	30 September
•	2006	2005	2005
	£m	£m	£m
Interest receivable	254.9	241.6	485.8
Interest payable and			
similar	(183.6)	(196.5)	(390.8)
charges		(25117)	(00000)
3	ľ		
Net interest income	71.3	45.1	95.0
Other operating income	15.2	18.0	37.9
Total operating income	86.5	63.1	132.9
Operating expenses	(24.8)	(21.1)	(45.2)
Provisions for losses	(23.6)	(8.5)	(15.9)
	38.1	33.5	71.8
	38.1	33.5	/1.8
Fair value net gains /			
(losses)	0.9	-	-
Operating profit being profit			
on ordinary activities before			
taxation	39.0	33.5	71.8
Tax charge on profit on			
ordinary activities	(6.5)	(7.6)	(16.0)
, <u>,</u>			
Profit on ordinary activities			
after taxation	32.5	25.9	55.8
	=========	#=======	=======

Other liabilities

Total liabilities

			=======	
Diluted earnings per share	4	27.4p	21.8p	46.9p
Basic earnings per share	4	28.8p	22.7p	48.9p
Dividend - Rate per share	5	6.9p	5.2p	12.6p

The results for the periods shown above relate entirely to continuing operations.

CONSOLIDATED BALANCE SHEET	·		
31 March 2006 (Unaudited)			
Note	i	31 March	30 September
	2006	2005	2005
ASSETS EMPLOYED	£m	£m	£m
Non-current assets	1		
Intangible assets	0.4	0.3	0.3
Property, plant and equipment	19.8	20.5	19.7
Financial assets	6 7,276.4	6,087.0	6,528.7
Deferred tax assets	36.5	5.7	5.7
	7,333.1	6,113.5	6,554.4
Current assets	1		
Other receivables	4.7	6.4	6.6
Cash and cash equivalents	734.5	549.2	530.4
	739.2	555.6	537.0
Total assets	8,072.3	6,669.1	7,091.4
	========	,	=======
FINANCED BY			
Called-up share capital	12.1	12.0	12.1
Share premium account	70.8	69.5	70.2
Merger reserve	(70.2)	(70.2)	(70.2
Cash flow hedging reserve	(1.9)	_	-
Profit and loss account	279.7	297.8	323.5
	 		
Share capital and reserves	290.5	309.1	335.6
Own shares	(28.4)	(13.8)	(22.8
Equity shareholders' funds	262.1	295.3	312.8
Current liabilities	1		
Financial liabilities	28.5	1.0	0.9
Current tax liabilities	10.8	13.6	12.9
Other liabilities	58.8	59.3	59.9
	98.1	73.9	73.7
Non-current liabilities			
Financial liabilities	7,705.4	6,278.1	6,684.8
Deferred tax liabilities	0.7	2.1	0.
Retirement benefit obligations	0.3	14.5	14.0
Provisions	2.1	2.4	2.1
OET 13-531363	2 6	20	າ '

2.7

6,704.9 6,778.6

3.6

7,712.1

7,810.2

2.8

6,299.9

6,373.8

8,072.3

6,669.1

7,091.4

The interim financial information was approved by the Board of Directors on 23 May 2006.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 March 2006 (Unaudited)

	Note	Six months to 31 March 2006 £m	Six months to 31 March 3 2005 £m	Year to 30 September 2005 £m
Net cash flow (used in) operating activities Net cash (used in) / from	7	(779.4)	(94.0)	(500.7)
investing activities Net cash from financing	8	(2.0)	1.1	(0.3)
activities	9	985.5	140.8	530.3
Net increase in cash and cash equivalents Opening cash and cash equivalents	n	204.1	47.9	29.3
Closing cash and cash				
equivalents		734.0	548.5	529.9
Represented by balances within				
Cash and cash equivalents		734.5	549.2	530.4
Financial liabilities		(0.5)	(0.7)	(0.5)
		734.0	548.5	529.9
		#====== !		========

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENDITURE

Six months ended 31 March 2006 (Unaudited)

	31 March	31 March	30 September
	2006	2005	2005
	£m	£m	£m
Profit for the period	32.5	25.9	55.8
Actuarial (loss) on pension deficit	(0.6)	_	-
Cash flow hedges	1		
Gains / (losses) taken to equity	1.0	~	-
Tax on items taken directly to equity	(0.1)	~	- '
Total recognised income and expenditure			
for the period	32.8	25.9	55.8
Adoption of IAS 32 and IAS 39	(72.5)	- .	-
	(39.7)	25.9	55.8
	=======	=======	=======

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED EQUITY

Six months ended 31 March 2006 (Unaudited)

	Note	31 March 2006 £m	31 March 2005 £m	30 September 2005 £m
Total recognised income and expenditure for the period Dividends	5	32.8 (8.4)	25.9 (6.5)	55.8 (12.4)
Net movement in own shares Surplus on transactions in own		(5.6)	(1.5)	(10.5)
shares		0.8	1.3	2.3
Charge for share based payments		2.2	1.1	2.6
Total movements in equity in the period		21.8	20.3	37.8
Equity at 30 September 2005		312.8	275.0	275.0
Adoption of IAS 32 and IAS 39		(72.5)	-	-
Equity at 1 October 2005		240.3	275.0	275.0
Closing equity		262.1	295.3	312.8

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

GENERAL INFORMATION

The interim financial information for the six months ended 31 March 2006 and for the six months ended 31 March 2005 has not been audited.

The next annual financial statements of the Group, for the year ending 30 September 2006, will be prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS.

The figures shown above for the year ended 30 September 2005 are not statutory accounts. A copy of the statutory accounts, which were prepared under UK GAAP, has been delivered to the Registrar of Companies, contained an unqualified audit report and did not contain an adverse statement under sections 237 (2) or 237 (3) of the Companies Act 1985.

This document may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial conditions, business performance and results of the Group. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Group including, amongst other things, UK domestic and global economic and business conditions, market related risk such as fluctuation in interest rates and exchange rates, inflation, deflation, the impact of competition, changes in customer preferences, risks concerning borrower credit quality, delays in implementing proposals, the timing, impact and other uncertainties of future acquisitions or other combinations within relevant industries, the policies and actions of regulatory authorities, the impact of tax or other legislation and other regulations in the jurisdictions in which the Group and its affiliates operate. As a result, the Group's actual future financial condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward looking statements. Nothing

in this document should be construed as a profit forecast.

A copy of the Interim Statement will be posted to shareholders and additional copies can be obtained from The Company Secretary, The Paragon Group of Companies PLC, St. Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

2. ACCOUNTING POLICIES

The financial information has been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union expected to be applicable in the preparation of the Group Financial Statements for the year ending 30 September 2006, except that, as permitted by IFRS 1 - 'First Time Adoption of International Financial Reporting Standards' the requirements of IAS 32 - 'Financial Instruments: Disclosure and Presentation' and IAS 39 - 'Financial Instruments: Recognition and Measurement' have not been applied in preparing the comparative amounts for the year ended 30 September 2005. In these disclosures, financial instruments are accounted for using the policies and practices previously adopted under UK GAAP.

The particular policies adopted are described below.

(a) Accounting convention

The financial information is prepared under the historical cost convention, except as required in the valuation of certain financial instruments which are carried at fair value.

(b) Basis of consolidation

The consolidated financial information deals with the accounts of the Company and its subsidiaries made up to 31 March 2006. Subsidiaries comprise all those entities over which the Group has control. The results of businesses acquired are dealt with in the consolidated accounts from the date of acquisition.

In accordance with SIC 12 - 'Consolidation: Special Purpose Entities' companies owned by charitable trusts into which loans originated by Mortgage Trust Limited were sold as part of its securitisation programme where the Group enjoys the benefits of ownership are treated as subsidiaries.

Similarly trusts set up to hold shares in conjunction with the Group's employee share ownership arrangements are also treated as subsidiaries.

(c) Goodwill

Goodwill arising from the purchase of subsidiary undertakings, representing the excess of the fair values of acquired assets over the fair value of the purchase consideration, is held on the balance sheet and annually reviewed to determine whether any impairment has occurred.

Negative goodwill is written off as it arises.

As permitted by IFRS 1, the Group has elected not to apply IFRS 3 - 'Business Combinations' to combinations taking place before its transition date to IFRS (1 October 2004). Therefore any goodwill which was written off to reserves under UK GAAP will not be charged or credited to the profit and loss account on any future disposal of the business to which it relates.

(d) Intangible assets

Intangible assets comprise purchased computer software, which is capitalised where it has a sufficiently enduring nature. This is stated at cost less accumulated amortisation. Amortisation is provided in equal instalments at a rate of 25% per annum.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

2. ACCOUNTING POLICIES (Continued)

(e) Leases

Leases are accounted for as operating or finance leases in accordance with IAS 17 - "Leases". A finance lease is deemed to be one which transfers substantially all of the risks and rewards of the ownership of the asset concerned. Any other lease is an operating lease.

Rental income and costs under operating leases are credited or charged to the profit and loss account over the period of the leases.

(f) Contract hire

Motor vehicles acquired in connection with contract hire arrangements are sold to finance houses, who lease them to customers for a pre-determined period. The Group has undertaken to repurchase these vehicles at the end of the lease term.

In accordance with the requirements of IAS 17, the assets are not derecognised on the sale to the finance house and remain as the Group's assets and the consideration received is spread over the customer's lease term.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost for property held under a sale and leaseback transaction represents the sale value.

Depreciation is provided on cost in equal annual instalments over the lives of the assets. The rates of depreciation are as follows:

Short leasehold premises

Computer hardware Furniture, fixtures and office equipment Company motor vehicles Motor vehicles subject to contract hire arrangements over the term of the lease 25% per annum 15% per annum 25% per annum over the term of the lease

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

- ACCOUNTING POLICIES (Continued)
- (h) Loans to customers

In the results for the six months ended 31 March 2006

Loans to customers are considered to be 'loans and receivables' as defined by IAS 39 - 'Financial Instruments: Recognition and Measurement'. They are therefore accounted for on the amortised cost basis.

Such loans are valued at inception at the initial advance amount, which is the fair value at that time, inclusive of procuration fees paid to brokers or other business providers and less initial fees paid by the customer. Thereafter they are valued at this amount less the cumulative amortisation calculated using the Effective Interest Rate ('EIR') method. The loan balances are then reduced where necessary by a provision for balances which are considered to be impaired.

The EIR method spreads the expected net income arising from a loan over its expected life. The EIR is that rate of interest which, at inception, exactly discounts the future cash payments and receipts arising from the loan to the initial carrying amount.

The Group's policy is to hedge against any exposure to fixed rate loan assets.

In the results for the year ended 30 September 2005

Loans are stated at cost, inclusive of brokers' commissions payable on origination, less provision for diminution in value.

Brokers' commissions payable on mortgage loans are amortised over an appropriate period. Unamortised commission balances are included within 'Loans to Customers'.

Brokers' commissions payable on other loans are amortised on a straight-line basis over the period of the loans to which they relate. The balances being amortised are included within 'Loans to Customers'.

Amortisation of brokers' commissions is recognised within interest payable.

Interest arising on loans is recognised in the profit and loss account as it is charged to borrowers, to the extent that is expected to be recoverable. Other fee income arising from borrower accounts is recognised in 'other income' as it is charged.

(i) Finance lease receivables

Finance lease receivables are included within 'Loans to Customers' at the total amount receivable less interest not yet accrued, unamortised commissions and provision for doubtful debts.

Income from finance lease contracts is accounted for on the actuarial basis.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

- 2. ACCOUNTING POLICIES (Continued)
- (j) Impairment of Loans and Receivables

In the results for the six months ended 31 March 2006

Loans and receivables are reviewed for indications of possible impairment throughout the year and at each balance sheet date, in accordance with IAS 39. Where loans exhibit objective evidence of impairment, the carrying value of the loans is reduced to the net present value of their expected future cash flows, including the value of the potential realisation of any security, discounted at the original EIR. Loans are assessed collectively, grouped by risk characteristics and account is taken of any impairment arising due to events which are believed to have taken place but have not been specifically identified at the balance sheet date.

In the results for the year ended 30 September 2005

The amount provided is an estimate of the amount needed to reduce the carrying value of the asset to its expected recoverable amount and is based on the application of formulae which take into account the nature of each portfolio, borrower payment profile and expected losses.

(k) Cash and Cash Equivalents

Balances shown as cash and cash equivalents in the balance sheet comprise demand deposits and short-term deposits with banks with maturities of not more than 90 days.

(1) Own shares

Shares in The Paragon Group of Companies PLC held in treasury or by the trustees of the Group's employee share ownership plans are shown on the balance sheet as a deduction in arriving at total equity. Own shares are stated at cost.

(m) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of temporary differences. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Tax relating to items taken directly to equity is also taken directly to equity.

(n) Borrowings

In the results for the six months ended 31 March 2006

Borrowings are carried in the balance sheet on the amortised cost basis. The initial value recognised includes the principal amount received less any discount on issue or costs of issuance.

Interest and all other costs of the funding are expensed to the income statement as interest payable over the term of the borrowing on an Effective Interest Rate

In the results for the year ended 30 September 2005

Borrowings are stated at their outstanding value less unamortised issue costs and discounts on issue. Discounts on issue of borrowings and initial costs incurred in arranging funding facilities are amortised over the period of the facility.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

- ACCOUNTING POLICIES (Continued)
- (o) Finance lease payables

Balances due on the lease arising from the sale and leaseback of a Group property are recognised in creditors at the total amount payable less interest not yet accrued. Interest is accrued for on the actuarial basis.

The profit which arose on the sale and leaseback transaction is held in accruals and deferred income and is being credited to profit over the lease term on a straight line basis.

(p) Derivative Financial instruments

In the results for the six months ended 3 1 March 2006

Derivative instruments utilised by the Group comprise currency swap, interest rate swap, interest rate option and forward interest rate agreements. All such instruments are used for hedging purposes to alter the risk profile of the existing underlying exposure of the Group in line with the Group's risk management policies.

The Group does not enter into speculative derivative contracts.

All derivatives are carried at fair value in the balance sheet, as assets where the value is positive or as liabilities where the value is negative. Fair value is based on market prices, where a market exists. If there is no active market, fair value is calculated using present value models which incorporate assumptions based on market conditions and are consistent with accepted economic methodologies for pricing financial instruments. Changes in the fair value of derivatives are recognised in the income statement, except where such amounts are permitted to be taken to equity as part of the accounting for a cash flow hedge.

In the results for the year ended 30 September 2005

Derivative instruments utilised by the Group comprise currency swap, interest rate swap, interest rate option and forward interest rate agreements. All such instruments are used for hedging purposes to alter the risk profile of the existing underlying exposure of the Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts. The Group does not enter into speculative derivative contracts.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

- 2. ACCOUNTING POLICIES (Continued)
- (q) Hedging

In the results for the six months ended 31 March 2006

For all hedges, the Group documents, at inception, the relationship between the hedging instruments and the hedged items, as well as its risk management strategy and objectives for undertaking the transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging arrangement put in place are considered to be 'highly effective' as defined by IAS 39.

For a fair value hedge, as long as the hedging relationship is deemed 'highly effective' and meets the hedging requirements of IAS 39, any gain or loss on the hedging instrument recognised in income can be offset against the fair value loss or gain arising from the hedged item for the hedged risk. For macro hedges (hedges of interest rate risk for a portfolio of loan assets) this fair value adjustment is disclosed in the balance sheet alongside the hedged item, for other hedges the adjustment is made to the carrying value of the hedged asset or liability. Only the net ineffectiveness of the hedge is charged or credited to income. Where a fair value hedge relationship is terminated, or deemed ineffective, the fair value adjustment is amortised over the remaining term of the underlying item.

Where a derivative is used to hedge the variability of cash flows of an asset or

liability, it may be designated as a cash flow hedge so long as this relationship meets the hedging requirements of IAS 39. For such an instrument the effective portion of the change in the fair value of the derivative is taken initially to equity, with the ineffective part taken to profit or loss. The amount taken to equity is released to the income statement at the same time as the hedged item affects the income statement. Where a cash flow hedge relationship is terminated, or deemed ineffective, the amount taken to equity will remain there until the hedged transaction is recognised, or is no longer highly probable.

(r) Deferred taxation

Deferred taxation is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as probable that they will be recovered. As required by IAS 12 - 'Income Taxes', deferred tax assets and liabilities are not discounted to take account of the expected timing of realisation.

It is assumed that all taxable IFRS transition adjustments give rise to tax adjustments to reserves at the current UK tax rate of 30%, although this has yet to be confirmed by HM Revenue and Customs.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

- 2. ACCOUNTING POLICIES (Continued)
- (s) Retirement benefit obligations

The expected cost of providing pensions within the funded defined benefit scheme, determined on the basis of annual valuations by professionally qualified actuaries using the projected unit method, is charged to the profit and loss. Actuarial gains and losses are recognised in full in the period in which they occur and do not form part of the result for the period, being recognised in the Statement of Recognised Income and Expenditure.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets at the balance sheet date.

Both the return on investment expected in the period and the expected financing cost of the liability, as estimated at the beginning of the period are recognised in the result for the period. Any variances against these estimates in the year form part of the actuarial gain or loss.

The assets of the scheme are held separately from those of the Group in an independently administered fund.

The charge to the profit and loss account for providing pensions under defined contribution pension schemes is equal to the contributions payable to such schemes for the year.

(t) Provisions

Provisions are recognised where there is a present obligation as a result of a past event, it is probable that this obligation will result in an outflow of resources and this outflow can be reliably quantified. Provisions are discounted where this effect is material.

(u) Fee and commission income

Other income includes administration fees charged to borrowers, which are credited when the related service is performed and commissions receivable on the sale of insurances, which are taken to profit at the point at which the Group becomes unconditionally entitled to the income.

(v) Share based payments

In accordance with IFRS 2 - 'Share based payments', the fair value at the date of grant of awards to be made in respect of options and shares granted under the terms of the Group's various share based employee incentive arrangements is charged to the profit and loss account over the period between the date of grant and the vesting date.

As permitted by IFRS 1, only those options and awards granted after 7 November 2002 and not vested at 1 January 2005 have been restated on transition to IFRS.

(w) Dividends

In accordance with IAS 10 - 'Events after the balance sheet date', dividends payable on ordinary shares are recognised in equity once they are appropriately authorised and are no longer at the discretion of the Company. Dividends declared after the balance sheet date, but before the authorisation of the financial statements remain within shareholders' funds.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

ACCOUNTING POLICIES (Continued)

(x) Foreign currency

Foreign currency transactions, assets and liabilities are accounted for in accordance with IAS 21 - 'The Effects of Changes in Foreign Exchange Rates'. The functional currency of the Group is the pound sterling. Transactions which are not denominated in sterling are translated into sterling at the spot rate of exchange on the date of transaction. Monetary assets and liabilities which are not denominated in sterling are translated at the closing rate on the balance sheet date.

Gains and losses on retranslation are included in interest payable or interest receivable depending on whether the underlying instrument is an asset or a liability, except where deferred in equity in accordance with cash flow hedging provisions of IAS 39.

(y) Segmental reporting

Costs attributed to each segment represent the direct costs incurred by the segment operations and an allocation of the costs of areas of the business which serve all segments. Such allocations are weighted by the value of loan assets in each segment, adjusted for the relative effort involved in the administration of each asset class.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

SEGMENTAL RESULTS

For management purposes the Group is organised into two major operating

divisions, Buy-To-Let Mortgages and Consumer Lending, which includes secured lending and car and retail finance. These divisions are the basis on which the Group reports primary segmental information. All of the Group's operations are conducted in the United Kingdom.

Other Operations comprises closed loan books arising from owner-occupied mortgages and unsecured personal lending operations where no further new business is being written and existing assets are being run down.

Financial information about these business segments is shown below.

Six months ended 31 March 2006

	Buy-to-let Mortgages £m	Consumer Lending £m	Other Operations £m	Total
Interest	. •			
receivable	171.8	30.2	52.9	254.9
Interest				
payable	(143.4)	(21.0)	(19.2)	(183.6)
Net interest		<u>: </u>		
income	28.4	9.2	33.7	71.3
Other		i		
operating				45.0
income	3.7	8.6	2.9	15.2
Total		!		
operating				
income	32.1	17.8	36.6	86.5
Operating	(2.2)	4		
expenses Provisions	(9.0)	(4.4)	(11.4)	(24.8)
Provisions	(0.1)	(1.3)	(22.2)	(23.6)
	23.0	12.1	3.0	38.1
Fair value				
gains/	-	_	0.9	0.9
(losses)		·		
Operating		1		
profit	23.0	12.1	3.9	39.0
	22=22=2	=======================================	========	========
Six months ended	31 March 2005			
	Buy-to-let	Consumer	Other	Total
	Mortgages	Lending	Operations	
	£m	£m	£m	£m
Interest				
receivable	145.8	42.3	53.5	241.6
Interest		i		
payable	(128.7)	(34.3)	(33.5)	(196.5)
Net interest				
income	17.1	8.0	20.0	45.1
Other		1		
operating				
income	5.5	8.3	4.2	18.0
Total				
operating				
income	22.6	16.3	24.2	63.1
Operating		į		
expenses	(8.3)	(3.8)	(9.0)	(21.1)
		1		

profit		14.8	8.1	10.6	33.5
Operating	• •:				
Fair value gains/ (losses)		-	; 	-	-
		14.8	8.1	10.6	33.5
Provisions		0.5	(4.4)	(4.6)	(8.5)

For the six months ended 31 March 2006 (Unaudited)

3. SEGMENTAL RESULTS (Continued)

Year ended 30 September 2005

	Buy-to-let Mortgages	Consumer Lending	Other Operations	Total
	£m	£m	£m	£m
Interest				
receivable	298.2	84.7	102.9	485.8
Interest	250.2	. 04.7	102.5	403.0
payable	(263.7)	(68.6)	(58.5)	(390.8)
payable	(263.7)	(00.0)	(58.5)	(390.8)
Net interest				
		1		
income	34.5	16.1	44.4	95.0
Other	* **	į		
operating				
income	13.7	17.2	7.0	37.9
7				
Total				
operating		İ		
income	48.2	33.3	51.4	132.9
Operating		į		
expenses	(18.2)	(7.9)	(19.1)	(45.2)
Provisions	(1.2)	(4.6)	(10.1)	(15.9)
	(1.2)	(1.0)	(20.2)	(13.37
	28.8	20.8	22.2	71.8
Fair value gains/	_	_	_	_
(losses)				
,,				
Operating		-		
profit	28.8	20.8	22.2	71.8
Profit		i		
•	=======	=======================================	=======	=======

EARNINGS PER SHARE

Earnings per ordinary share is calculated as follows:

e e	31 March 2006	31 March 2005	30 September 2005
Profit for the period (fm)	32.5	25.9	55.8
Basic weighted average number of ordinary shares ranking for dividend during the year (million) Dilutive effect of the weighted average number of share options and incentive	113.1	114.2	114.1
plans in issue during the year (million)	5.6	4.8	4.9

Diluted weighted average number of ordinary shares ranking for dividend			
during the year (million)	118.7	119.0	119.0
	========	=======	=======
Earnings per ordinary share - basic	28.8p	22.7p	48.9p
- diluted	27.4p	21.8p	46.9p
	=======	========	========

For the six months ended 31 March 2006 (Unaudited)

5. DIVIDENDS

Amounts recognised as distributions to equity shareholders in the period:

	31 March	31 March	30 September
•	2006	2005	2005
	£m	£m	£m
Final dividend for the year ended	<u> </u>		
30 September 2004 of 5.7p per share	-	6.5	6.5
Interim dividend for the year ended	!		
30 September 2005 of 5.2p per share	; -	-	5.9
Final dividend for the year ended	 		
30 September 2005 of 7.4p per share	8.4	-	
		· · · · · · · · · · · · · · · · · · ·	
	8.4	6.5	12.4
	====	========	=======

An interim dividend of 6.9p per share is proposed (2005: 5.2p per share), payable on 31 July 2006 with a record date of 30 June 2006. This dividend will be recognised in the accounts when it is paid.

6. FINANCIAL ASSETS

	31 March 2006 £m	31 March 2005 £m	30 September 2005 £m
Loans to customers Fair value adjustments from portfolio	7,232.9	6,087.0	6,528.7
hedging	(1.0)	~	-
Derivative financial assets	44.5	-	-
	7,276.4	6,087.0	6,528.7
			=======

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 31 March 2006 (Unaudited)

7. NET CASHFLOW FROM OPERATING ACTIVITIES

Six months	Six months	Year
to	to	to
31 March	31 March	30 September
2006	2005	2005
£m	£m	£m
39.0	33.5	71.8

Profit before tax

Non-cash items included in profit and oth adjustments Depreciation of property plant and	er		
equipment	1.6	1.7	3.8
Amortisation of intangible assets	0.1	0.1	0.2
Non-cash movements on borrowings	61.2	4.0	7.4
Impairment losses on loans to	· I		
customers	23.6	8.5	15.9
Charge for share based payment	2.2	1.1	2.6
Profit on sale of subsidiary	_	(0.9)	(0.9)
Loss on disposal of property, plant			
and equipment	0.1	-	-
Net (increase) / decrease in operating assets	! 		
Loans to customers	(824.9)	(145.5)	(594.4)
Derivative financial instruments	(20.6)	-	-
Fair value of portfolio hedges	1.0	-	_
Other receivables	(0.4)	1.1	1.0
Net increase / (decrease) in operating liabilities	: 		
Derivative financial instruments	(39.7)	~	~
Sundry liabilities	(14.0)	4.0	4.1
Cash utilised by operations	(770.8)	(92.4)	(488.5)
Income taxes paid	(8.6)	(1.6)	(12.2)
Net cash flow used in operating			
activities	(779.4)	(94.0)	(500.7)
	=======	========	=======

For the six months ended 31 March 2006 (Unaudited)

8. NET CASHFLOW USED IN INVESTING ACTIVITIES

	Six months	Six months	Year
	1		
	to	to	to
	31 March	31 March	30 September
	2006	2005	2005
	£m	£m	£m
Proceeds on disposal of property,			
plant and equipment	0.7	0.9	1.6
Purchases of property, plant and	i		
equipment	(2.5)	(1.7)	(3.7)
Purchases of intangible assets	(0.2)	(0.1)	(0.2)
Sale of subsidiary undertaking	<u> </u>	2.0	2.0
Net cash (used in) / from			
investing	(2.0)	1.1	(0.3)
activities	<u> </u>		
	=======	=======	

9. NET CASHFLOW FROM FINANCING ACTIVITIES

Six m	onths	Six months	Year
	to	to	to
31	March	31 March	30 September
	2006	2005	2005
	£m	£m	£m

Dividends paid	(8.4)	(6.5)	(12.4)
•	(0.4)	(6.5)	
Issue of corporate bond	· -	-	118.0
Issue of asset backed floating	į		
rate	1,996.6	1,297.3	2,444.7
notes	į	,	•
Repayment of asset backed floating			
rate notes	(468.3)	(1,057.4)	(2,102.1)
Capital element of finance lease			
payments	(0.3)	(0.2)	(0.3)
Movement on bank facilities	(529.3)	(92.2)	90.6
Purchase of shares	(6.7)	(2.9)	(12.4)
Exercise of options under ESOP			
scheme	1.2	0.7	1.5
Exercise of other share options	0.7	2.0	2.7
Net cash from financing activities	985.5	140.8	530.3
	=======	========	========

For the six months ended 31 March 2006 (Unaudited)

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As described in Note 2, these results are presented in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS'). On 21 February 2006 the group announced details of the adjustments to its accounting policies required in order to convert the previously published results to an IFRS basis. All IFRS information relating to the year ended 30 September 2005 disclosed in this statement is derived from that announcement. This document also included reconciliations of the balance sheets and profit and loss accounts previously published to those shown as comparative amounts in this interim financial information. The Group has taken advantage of the transitional provisions of IFRS 1 and these comparative figures do not show the effect of the adoption of IAS 32 and IAS 39.

To enable a more meaningful presentation of results, in addition to the statutory comparative information, the results for the six months ended 31 March 2005 and the year ended 30 September 2005 have been compiled on a proforma basis. This shows the Group's customer loan balances, borrowings and interest income as they would have been shown had IAS 32 and 39 applied to these balances. The remaining adjustments required by these standards relate to fair values and hedging and cannot be applied as the required documentation for these arrangements was not in place at 1 October 2004. A reconciliation between the statutory comparatives and the proforma information was given in the announcement of 21 February 2006. The differences in the segment results and segmental 'loans to customers' figures between the statutory and proforma bases are also detailed in the announcement.

The cash flow statements have also been restated to comply with the requirements of IAS 7 - 'Cash Flow Statements'. These changes represent the re-classification of balances only.

Copies of the announcement made on 21 February 2006 are available from the Group's website at www.paragon-group.co.uk or from the Group Company Secretary, The Paragon Group of Companies PLC, St. Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.

INDEPENDENT REVIEW REPORT TO THE PARAGON GROUP OF COMPANIES PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 March 2006 which comprises the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expenditure, the reconciliation of movements in consolidated equity and related notes 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

International Financial Reporting Standards

As disclosed in note 1, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2006.

Deloitte & Touche LLP Chartered Accountants Birmingham 23 May 2006

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Blocklisting Interim Review

Released

10:58 25-May-06

Number

5753D

RNS Number: 5753D Paragon Group Of Companies PLC 25 May 2006

BLOCKLISTING SIX MONTHLY RETURN

1. Name of company

The Paragon Group of Companies PLC

2. Name of scheme

The Paragon 1999 Sharesave Scheme

3. Period of return:

From 25/11/05 To 24/05/06

4. Number and class of share(s) (amount of stock / debt security) not issued under scheme

193,527

5. Number of shares issued / allotted under scheme during period:

12,588

6. Balance under scheme not yet issued / allotted at end of period

180,939

7. Number and class of share(s) (amount of stock / debt securities) originally listed and the date of admission;

920,640 Ordinary Shares of 10p each on 29/11/2000

Please confirm total number of shares in issue at the end of the period in order for us to update our records

121,086,624 Gross

117,867,624 Net of shares held in Treasury

Contact for queries

Name: Mr John Gemmell

Address: St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE

Telephone: 0121 712 2075

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The company news service from the London Stock Exchange

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Director/PDMR Shareholding

Released

17:31 25-May-06

Number

6292D

RNS Number:6292D

Paragon Group Of Companies PLC

25 May 2006

DIRECTOR SHAREHOLDING

On 25 May 2006 The Paragon Group of Companies PLC granted the following awards under the Paragon Performance Share Plan ("PPSP"):

Director	Award granted	Exercise period	Total awards outstanding
N S Terrington	19,352	25/05/09 - 25/11/09	414,778
N Keer	14,506	25/05/09 - 25/11/09	307,631
J A Heron	8,186	25/05/09 - 25/11/09	160,661
P Pandya	8,186	25/05/09 - 25/11/09	128,643

Under the terms of the PPSP one half of each new award will be subject to a total shareholder return ("TSR") performance condition and the other half to an earnings per share ("EPS") performance condition. In respect of both of these conditions the Company's performance will be compared to that of a group of companies drawn from the Banks and Speciality and Other Finance sectors. For the EPS measure, performance will be measured over the single three year period commencing 1 October 2005. For the TSR measure, performance will be measured over the single three year period commencing 1 April 2006. For both performance measures 35% of the award will vest for median performance, rising to 100% for performance on or above the upper quartile.

Enquiries:

John G Gemmell, Company Secretary 0121 712 2075

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2005 JUL 10 P 1:20

OFFICE OF INTERNATIONAL CURPORATE FINATION

Eree annual report

Company

Paragon Group Of Companies PLC

TIDM

Headline

Transaction in Own Shares 17:48 25-May-06

Released Number

6314D

RNS Number: 6314D

Paragon Group Of Companies PLC

25 May 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

25 May 2006

Number of ordinary shares purchased:

20,000

Highest price paid per share:

625.00p

Lowest price paid per share:

625.00p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,239,000 of its ordinary shares in treasury and has 117,847,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Transaction in Own Shares

Released

17:33 30-May-06

Number

7914D

RNS Number: 7914D

Paragon Group Of Companies PLC

30 May 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

30 May 2006

Number of ordinary shares purchased:

35,000

Highest price paid per share:

651.00p

Lowest price paid per share:

651.00p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,274,000 of its ordinary shares in treasury and has 117,812,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Transaction in Own Shares

Released

17:29 06-Jun-06

Number

1617E

RNS Number:1617E

Paragon Group Of Companies PLC

06 June 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase;

6 June 2006

Number of ordinary shares purchased:

100,000

Highest price paid per share:

660.00p

Lowest price paid per share:

651.00p

Volume weighted average price paid per share:

657.00p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,374,000 of its ordinary shares in treasury and has 117,712,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

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Headline

Transaction in Own Shares

Released

17:20 07-Jun-06

Number

2339E

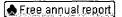
RNS Number: 2339E

Paragon Group Of Companies PLC

07 June 2006

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OFFICE OF INTERMATION / C CORPORATE FINANCE

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

7 June 2006

Number of ordinary shares purchased:

50,000

Highest price paid per share:

655.50p

Lowest price paid per share:

650.00p

Volume weighted average price paid per share:

653.50p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,424,000 of its ordinary shares in treasury and has 117,662,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Transaction in Own Shares

Released

17:42 08-Jun-06

Number

3126E

RNS Number:3126E

Paragon Group Of Companies PLC

08 June 2006

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2006 JUL 10 P 1:20

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PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

8 June 2006

Number of ordinary shares purchased:

100,000

Highest price paid per share:

655.00p

Lowest price paid per share:

639.00p

Volume weighted average price paid per share:

6.4955p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,524,000 of its ordinary shares in treasury and has 117,562,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

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Headline

Transaction in Own Shares

Released

17:37 09-Jun-06

Number

3878E

RNS Number:3878E

Paragon Group Of Companies PLC

09 June 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

9 June 2006

Number of ordinary shares purchased:

40,000

Highest price paid per share:

655.00p

Lowest price paid per share:

650.00p

Volume weighted average price paid per share:

652.60p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,564,000 of its ordinary shares in treasury and has 117,522,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Paragon Group Of Companies PLC

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Transaction in Own Shares

Headline Released

17:27 12-Jun-06

Number

4563E

RNS Number: 4563E

Paragon Group Of Companies PLC

12 June 2006

PURCHASE OF OWN SHARES

The Faragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

12 June 2006

Number of ordinary shares purchased:

150,000

Highest price paid per share:

655.50p

Lowest price paid per share:

649.00p

Volume weighted average price paid per share: 650.33p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,714,000 of its ordinary shares in treasury and has 117,372,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

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Headline

Transaction in Own Shares

Released

17:45 13-Jun-06

Number

5340E

RNS Number:5340E

Paragon Group Of Companies PLC

13 June 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

13 June 2006

Number of ordinary shares purchased:

100,000

Highest price paid per share:

630.00p

Lowest price paid per share:

619.00p

Volume weighted average price paid per share: 625.69p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,814,000 of its ordinary shares in treasury and has 117,272,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

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Transaction in Own Shares

Released

17:15 14-Jun-06

Number

6027E

RNS Number:6027E

Paragon Group Of Companies PLC

14 June 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

14 June 2006

Number of ordinary shares purchased:

150,000

Highest price paid per share:

635.00p

Lowest price paid per share:

631.00p

Volume weighted average price paid per share:

631.97p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,964,000 of its ordinary shares in treasury and has 117,122,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company TIDM

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Transaction in Own Shares

Paragon Group Of Companies PLC

Released

17:33 19-Jun-06

Number

8450E

RNS Number:8450E

Paragon Group Of Companies PLC

19 June 2006

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PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

19 June 2006

Number of ordinary shares purchased:

30,000

Highest price paid per share:

657.80p

Lowest price paid per share:

657.80p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 3,994,000 of its ordinary shares in treasury and has 117,092,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Holding(s) in Company

Released

12:12 20-Jun-06

Number

8804E

RNS Number:8804E

Paragon Group Of Companies PLC

20 June 2006

HOLDING IN COMPANY

We have today received notification from Barclays PLC to advise that, through various legal entities, they now hold 12,368,372 ordinary shares of 10p each in The Paragon Group of Companies PLC. The holding represents 10.99% of our issued capital.

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

Transaction in Own Shares

Released

17:07 21-Jun-06

Number

9804E

RNS Number:9804E

Paragon Group Of Companies PLC

21 June 2006

20% JUL 10 P 1:20

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OFFICE OF INTERNATIONAL CORPORATE FINANCE

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

21 June 2006

Number of ordinary shares purchased:

30,000

Highest price paid per share:

660.00p

Lowest price paid per share:

649.00p

Volume weighted average price paid per share:

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 4,024,000 of its ordinary shares in treasury and has 117,062,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

Headline

TICE OF INTERNATIONAL CORPORATE FINANCE Additional Listing

Released

13:43 22-Jun-06

Number

0240F

RNS Number: 0240F

Paragon Group Of Companies PLC

22 June 2006

Additional Listing

A block listing application has been made by The Paragon Group of Companies PLC (the "Company") for 637,722 ordinary shares of 10p each in the Company to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange. The shares will be issued fully paid and will rank pari passu in all respects with the existing issued ordinary shares of the Company. These shares are being issued pursuant to the exercise of existing options under The Paragon 1999 Sharesave Scheme.

Enquiries:

John G Gemmell, Company Secretary 0121 712 2075

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Transaction in Own Shares

Released

17:30 23-Jun-06

Number

1238F

RNS Number:1238F

Paragon Group Of Companies PLC

23 June 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

23 June 2006

Number of ordinary shares purchased:

40,000

Highest price paid per share:

668.00p

Lowest price paid per share:

658.50p

Volume weighted average price paid per share: 663.9124p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 4,064,000 of its ordinary shares in treasury and has 117,022,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

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Transaction in Own Shares

Released

17:16 26-Jun-06

Number

1868F

RNS Number:1868F

Paragon Group Of Companies PLC

26 June 2006

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PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

26 June 2006

Number of ordinary shares purchased:

30,000

Highest price paid per share:

665.00p

Lowest price paid per share:

662.00p

Volume weighted average price paid per share: 662.90p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 4,094,000 of its ordinary shares in treasury and has 116,992,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC

TIDM

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Headline

Transaction in Own Shares

Released

17:24 27-Jun-06

Number

2658F

RNS Number:2658F

Paragon Group Of Companies PLC

27 June 2006

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2006 JUL 10 P 1:20

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CORPORATE FINANCE

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

27 June 2006

Number of ordinary shares purchased:

30,000

Highest price paid per share:

666.00p

Lowest price paid per share:

661.00p

Volume weighted average price paid per share:

665.75p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 4,124,000 of its ordinary shares in treasury and has 116,962,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

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Company

Paragon Group Of Companies PLC TIDM

PAG

Headline

Transaction in Own Shares

Released

17:21 30-Jun-06

Number

5168F

RNS Number:5168F

Paragon Group Of Companies PLC

30 June 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

30 June 2006

Number of ordinary shares purchased:

40,000

Highest price paid per share:

652.07p

Lowest price paid per share:

652.07p

The Paragon Group of Companies PLC intends to hold the purchased shares in

Following the purchase of these shares, The Paragon Group of Companies PLC holds 4,164,000 of its ordinary shares in treasury and has 116,922,624 ordinary shares in issue (excluding treasury shares).

Enquirles:

John Gemmell, Company Secretary 0121 712 2075

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Please complete in typescript, or in bold black capitals.

CHFP029

APPOINTMENT of director or secretary (NOT for resignation (use Form 288b) or change of particulars (use Form 288c))

OIN 1 023	•		Of particulars (use Form 2000))			
	Company Number	2336032				
C	company Name in fu	The Parago	on Group of Companies PLC			
	•					
	Date	Day Mon	th Year Day Month Year			
	appointme	nt 2 9 0	9 2 0 0 4 Birth 1 4 0 2 1 9 5 0			
Appointmen form	Appointment as direct	or 🔽	as secretary Please mark the appropriate box. If appointment is as a director and secretary mark both boxes.			
Notes on completion	NAME *Style / Titl	e Mr	*Honours etc B.E.M.			
appear on reverse.		s) Robert Graf	nam			
	Surnam	e Dench				
	Previor Forename(Previous Surname(s) N/A			
th Tick this box if the address shown is a	addres	LIVICHEIT PARK	View Road			
service address for the beneficiary of a Confidentiality Order	Post tov	vn Woldingham	Postcode CR3 7DJ			
granted under the provisions of section	0 1 7 5	Surrey	Country England			
723B of the Companies Act 198	†Nationali	british	†Business occupation (C. D. Nicron			
	†Other directorship		ached list.			
	(additional space overlea	1 consent	to act as ** director / sextetxty of the above named company			
* Voluntary details.	Consent signatur		Date Willow			
† Directors only. **Delete as appropriate		A director, se	ecretary etc must sign the form below.			
	Signe		Date 8 (18/04			
You do not have	e to give any contact	(**a director / se	(**a director / secretary / administrator / administrative receiver / receiver manager / receiver)			
	box opposite but if you Companies House to	Miss Emma La	apthorne, The Paragon Group of Companies PLC,			
	nere is a query on the ct information that you	St Catherine's	St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE			
	ive will be visible to searchers of the Tel 0121 712 2077		Tel 0121 712 2077			
		DX number	DX exchange			
Composite	1 _		When you have completed and signed the form please send it to the			
Companies House receipt date barcode		Companies I for companies	Registrar of Companies at: Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff for companies registered in England and Wales			
Form April 2002			House, 37 Castle Terrace, Edinburgh, EH1 2EB			

•. :	Company Number	2336032
† Directors only.	†Other directorships	Please see attached list.
\		
,		
NOTES		
Show the full forenames, or secretary is a corporat	NOT INITIALS. If the director ion or Scottish firm, show the id registered or principal office ne.	
Give previous forenames - for a married woman, th known before marriage	e name by which she was	
- for names not used sind least 20 years	e the age of 18 or for at	
instead of or in addition to and need not give the nat	n by a title may state the title o the forenames and surname me by which that person was	
known before he or she a to it.	dopted the title or succeeded	
ther director	ships.	
Britain of which the perso	ompany incorporated in Great n concerned is a director or	
	y time in the past five years. any which either is, or at all years when the person	
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- dormant		
- a parent company which making the return, or	wholly owned the company	
- another wholly owned a	boidion, of the course	
company.	bsidiary of the same parent	
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ROBERT GRAHAM DENCH

Other Directorships

Company Name	Appointed	Resigned
Clipper Ventures plc	10/04/03	Current
AXA UK plc	16/09/04	Current

Past Other Directorships

Company Name	Appointed	Resigned
Barclays Bank Trust Company Ltd	06/11/95	12/06/96
Barclays Directors Ltd	03/12/90	07/02/95
Barclays Directors Ltd	21/03/95	18/12/02
Barclays Financial Services Ltd	23/10/92	07/02/95
Barclays Funds Ltd	24/02/00	20/09/00
Barclays Insurance (Dublin) Ltd	03/07/97	27/07/00
Barclays Insurance Services Company Ltd	01/07/95	04/10/00
Barclays SAMS Ltd	16/07/95	12/06/96
Barclays Stockbrokers Ltd	19/09/95	12/06/96
Barclays Stockbrokers Ltd	12/04/02	30/09/03
Barclays Travel Service (Holdings) Ltd	05/05/89	07/07/92
Barclays Life Assurance Company Ltd	21/03/95	31/08/95
Barclays Life Assurance Company Ltd	19/11/98	30/09/03
Exshelfco (BGIS) Ltd (dissolved)	15/07/92	14/07/93
Exshelfco (Barclays Insurance Brokers International) Ltd	15/07/92	18/04/97
Interpayment Services Puerto Rico Ltd	14/10/88	07/07/92
Interpayment Services Ltd	28/12/88	21/02/92
Transpay Ltd	05/05/89	07/07/92



Companies House

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for the record	CERCE OF WARREN OF Allotment of Shares
Please complete in typescript, or in bold black capitals. CHWP000	OFFICE OF INTERNATIONAL CORPORATE FINANCE
Company Number	2336032
Company name in full	THE PARAGON GROUP OF COMPANIES PLC
Shares allotted (including bon	ius shares):
Date or period during which shares were allotted (If shares were allotted on one date enter that date in the "from" box)	From To Day Month Year Day Month Year 1 8 1 0 2 0 0 4
Class of shares (ordinary or preference etc)	ORDINARY
Number allotted	828
Nominal value of each share	E0.10
Amount (if any) paid or due on each share (including any share premium)	h E1.8304
List the names and addresses of the	e allottees and the number of shares allotted to each overleaf
If the allotted shares are fully	or partly paid up otherwise than in cash please state:
% that each share is to be treated as paid up	
Consideration for which the shares were allotted (This information must be supported by the duly stamped contract or by the duly stamped particulars on Form 88(3) if the contract is not in writing)	
	When you have completed and signed the form send it to the Registrar of Companies at:
Companies House receipt date barcode	Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff For companies registered in England and Wales
This form has been provided free of charge by Companies House.	Companies House, 37 Castle Terrace, Edinburgh EH1 2EB For companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2

Names and addresses of the allottees (List joint share allotments consecutively)

record.

Shareholder de	etails	Shares and share	class allotted
Name		Class of shares	Number
MRS HELEN LOUISEPELL	·	allotted	aliotted
Address	; !		
, 85 SKINNER STREET, GILLI	NGHAM, KENT	ORDINARY	828
			·
UK Posi	code MEZLLLE	<u></u>	<u> </u>
Name		Class of shares allotted	Number allotted
L		-	
Address			
L	· · · · · · · · · · · · · · · · · · ·	_	L
		_	L
UK Post	code LLLLLL	\ \	L
Name	·	Class of shares allotted	Number allotted
Address			
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<u> </u>	1	_	·
UK Post	code LLLLLL	\ <u></u>	L
Name		Class of shares	Number
rediffe	:	allotted	allotted
Address		-	
			,
		-	
UK Post	code LLLLLL		
Name		Class of shares	Number
	·	allotted	allotted
Address			
L		_	L
L		_	
UK Post	code LLLLLL	<u> </u>	L
51(1) 551			
Please, enter the number of continuati	on sheets (if any) attached to this	form	
		L	
Signed	Da	ate 21 OCTOBER.	2004
A-director / secretary /-administrator / admin	istrative receiver / receiver manager / rece	Please	delete as appropriate
Vou do not hours to give any contact			
You do not have to give any contact information in the box opposite but	MISS EMMA LAPTHORN	E, PARAGON, ST CA	THERINES
if you do, it will help Companies			
House to contact you if there is a query on the form. The contact	COURT, HERBERT ROAD,		
information that you give will be	B91 3QE	Tel 0121 71	2 2011
visible to searchers of the public	DX number	DX exchange	

Companies House

— for the record ——



Return of Allotment of Shares

2006 JUL 10 1

Received for filing in Electronic Format on the: 07/12/2004 SICE OF INTERF



Company Number

02336032

Company Name

THE PARAGON GROUP OF COMPANIES PLC

in full:

Shares Allotted (including bonus shares)

Date or period during

From

which shares were allocated

07/12/2004

Class of shares

ORDINARY

Number allotted

12000

Currency

GBP

Nominal value of

.1

each share

Amount paid or due on each share

(including any share premium)

2.18

No shares allocated other than for cash

Names, addresses and share details of the allottees

Name

Address:

APOLLO NOMINEES

Class of shares allotted

Number allowed

ORDINARY

12000

LIMITED

1 FINSBURY AVENUE

LONDON

UNITED KINGDOM EC2M

2PP

Authorisation

Authoriser Designation: SECRETARY Date Authorised: 07/12/2004 Authenticated: Yes (E/W)



88(2)

Please complete in typescript, or in bold black capitals CHFP0:29

Return of Allotment of Shares

	233603Z				
Company Name in full	THE PARAGON GROUP OF COMPANIES PLC				
Shares allotted (including bonu	ic charge):				
onares anotted hirsidding bond	•	-			
Date or period during which	From Day Month	T Year Day Mon			
shares were allotted (If shares were allotted on one date enter that date in the "from" box)	011 112 2	101011			
Class of shares (ordinary or preference etc)	ORDINARY	ORDINARY			
Number allotted	96,000	10,000			
Nominal value of each share	£0.10	£0.10			
Amount (if any) paid or due on each share <i>(including any share premium)</i>	£2.18	£1.47			
List the names and addresses of	the allottees and the n	umber of shares allotted to e	ach overleaf		
If the allotted shares are fully o	r partly paid up other	wise than in cash please st	ate:		
% that each share is to be treated as paid up					
Consideration for which the shares were allotted (This information must be supported by the duly stamped contract or by the duly stamped particulars on Form 88(3) if the contract is not in writing)					
	When you have co	mpleted and signed the for ompanies at:	m send it to		
Companies House receipt date barcode	Companies House, Cro		33050 Cardiff		
	Companies House, 37 (Castle Terrace, Edinburgh EH1 2E	B DX 235 Edinburgh		

Names and addresses of the allottees (List joint share allotments consecutively)

Shareholde	Shareholder details		Shares and share class allotted		
Name APOLLO NOMINEES LIMITED		Class of shares allotted	Number allotted		
Address					
I FINSBURY AVENUE, LONDO	<u>N</u>	100 ORDINARY	106,000		
		-			
UK	Postcode EC2M2PP	L			
Name		Class of shares allotted	Number allotted		
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Name		Class of shares allotted	Number allotted		
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Name		Class of shares allotted	Number allotted		
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UK	Postcode LLLL LLL				
Name		Class of shares allotted	Number allotted		
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Please enter the number of continua	ation sheets (if any) attached to this fo	orm			
gned	D:	ate 1 DECEMBER 20	о џ		
	Iministrative receiver / receiver manager / rec		elete as appropriate		
ease give the name, address, ephone number and , if available,	MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S				
DX number and Exchange of the rson Companies House should	COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS,				
ntact if there is any query.	B91 3QE Tel 0121 712 2077				
	DX number	DX exchange			

Companies House

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Return of Allotment of Shares RECEIVED

29th JUL 10 P 1:21

Received for filing in Electronic Format on the: 09/12/2004 INTERNATION



Company Number

02336032

Company Name in full:

THE PARAGON GROUP OF COMPANIES PLC

Shares Allotted (including bonus shares)

Date or period during

which shares were allocated

From 09/12/2004

Class of shares

ORDINARY

Currency GBP

SDI ADA

Number allotted Nominal value of 65307

each share

Amount paid or due on each share

(including any share premium)

.97

No shares allocated other than for cash

Names, addresses and share details of the allottees

Name

Address:

APOLLO NOMINEES

Class of shares allotted

Number allotted

ORDINARY

65307

LIMITED

1 FINSBURY AVENUE

LONDON

UNITED KINGDOM EC2M

2PP

Authorisation

Authoriser Designation: SECRETARY Date Authorised: 09/12/2004 Authenticated: Yes (E/W)

Companies House --- for the record ---



Return of Allotment of Shares

Received for filing in Electronic Format on the: 14/12/2004



Company Number

02336032

Company Name

THE PARAGON GROUP OF COMPANIES PLC

in full:

Shares Allotted (including bonus shares)

Date or period during

From

which shares were allocated

14/12/2004

Class of shares

Currency

ORDINARY

GBP

Number allotted Nominal value of 80000 .1

each share

Amount paid or due on each share

(including any share premium)

1.48

No shares allocated other than for cash

Names, addresses and share details of the allottees

Name

APOLLO NOMINEES

Class of shares allotted

ORDINARY

LIMITED

Number allotted

80000

Address:

1 FINSBURY AVENUE

LONDON

UNITED KINGDOM EC2M

2PP

Authorisation

Authoriser Designation: SECRETARY Date Authorised: 14/12/2004 Authenticated: Yes (E/W)

Companies House

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Return of Allotment of Shares

Received for filing in Electronic Format on the: 14/12/2004



Company Number

02336032

Company Name

THE PARAGON GROUP OF COMPANIES PLC

in full:

Shares Allotted (including bonus shares)

Date or period during which shares were allocated

From 14/12/2004

Class of shares

Currency

ORDINARY

GBP

Number allotted Nominal value of 30000

.1

each share

Amount paid or due on each share

(including any share premium)

1.47

No shares allocated other than for eash

Names, addresses and share details of the allottees

Name

Address:

APOLLO NOMINEES

Class of shares allotted

Number allowed

ORDINARY

30000

LIMITED

1 FINSBURY AVENUE

LONDON

UNITED KINGDOM EC2M

2PP

Authorisation

Authoriser Designation: SECRETARY Date Authorised: 14/12/2004 Authenticated: Yes (E/W)





Return of Allotment of Shares

Received for filing in Electronic Format on the: 06/01/2005



Company Number

02336032

Company Name

THE PARAGON GROUP OF COMPANIES PLC

in full:

Shares Allotted (including bonus shares)

Date or period during

From

which shares were allocated

06/01/2005

Class of shares

ORDINARY

Number allotted

12000

Currency

GBP

Nominal value of each share

.1

Amount paid or due on each share

(including any share premium)

2.18

No shares allocated other than for cash

Names, addresses and share details of the allottees

Name

Address:

APOLLO NOMINEES

Class of shares allotted

Number allotted

ORDINARY

12000

LIMITED

1 FINSBURY AVENUE

LONDON

UNITED KINGDOM EC2M

2PP

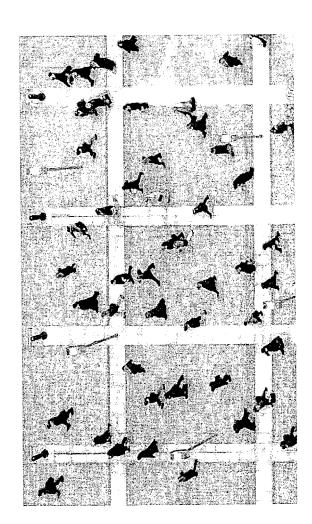
Authorisation

Authoriser Designation: SECRETARY Date Authorised: 06/01/2005 Authenticated: Yes (E/W)

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OFFICE OF INTERNATIONAL CORPORATE FINANCE



paragón
The Paragon Group of Companies P.L.C

FINANCIAL HIGHLIGHTS

r westion restooloxerconnie une tulks

increase in profit before tax (2003 £51.9 million) to E71.0 million

increase in new lending 2003 £1,477.4 million] to £2,124.3 million

net loan assets increased to £5,950.9 million

dividend for full year [2003 6.3p]

(2003 £5,287.1 million)

	2007	2003 RESTATED NOTE 101	2002	2001	2000
	Ę	£	Ęш	£	ξü
Profit before taxation Profit after taxation Total toan assets Shareholders' funds	71.0 54.7 5,950.9 268.4	51.9 40.3 5,287.1 225.3	46.0 36.6 2,521.3 200.8	41.1 32.9 2,149.2 169.0	35.5 28.5 2,146.3 137.7
	2004	2003	2002	2001	2000
Earnings per share - basic - diluted - Dividend per ordinary share	48.0p 46.2p 9.6p	35.5p 34.8p 6.3p	32.1p 31.4p 5.1p	29.0p 28.3p 4.2p	25.1p 24.9p 3.8p

Total loan assets includes Loans to Customers shown on the face of the balance sheet and similar assets subject

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CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

The year condect to report that the performance of the Group during the year condect 30 September 200 Was exceptionally strong.

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The year condect 30 September 200 Was exceptionally strong.

The year condect 30 September 200 Was exceptionally strong.

The year condect 30 September 200 Was exceptionally strong. Print berge tas, increased by 36.9% to CF1.0 million for the year.

-compared with CS1.9 million for this previous year and seministic between the consistent million for this previous year and seministic between increased by 36.7% to 48.00 from 35.50. Montgage frust flormorty Britannic Moneyl purch was acquired in June 2003, is need followed by independed and contributed 615.1 million to profits before. taxation for the year (2003; E12; million loss) alter a credit of 15.2 million lor respect of the amortisation of negative goodwil (2003; E21; million). £2.1 million).

In wew of these strong results and consistent with our intention for reduce dividend cover progressively fowards the sector from your goad that detailed an increased line! dividend of 370 per share which, where added to the interim dividend of 370 per share which, where added to the interim dividend of 370 per share which, where added to the interim dividend of 370 per share share states and added to the share and the paid of 2200 shares. Sold 52.00 per share and on 17 ephanon. Besting on 3 february, the olidend will be paid on 17 ebbuary. 2005; by reference to a record date of 14 January, 2005.

Business review and strategy
In keeping with our previously sated strategy of locusing our
spring framuly on more determine product areas such as 60yr to
let and secured personal loans 78.2% of our leading during the year was secured on residential property. This compares with: 87.8% in the previous year We shall continue to follow this strategy. maintaining our strong stance on credit quality. Freported last year on the acquisition of Britannic Money, now

In addition to the re-tocusing of new business activity mentioned in the Chief Executive's Review, which has improved the profilebility of the Washington as a significant operational restricturing has resulted Solithui, safi at Margaga Trait's Epsom office have been reduced from 24.7 ache unit and the acquisition to 66 at 60 September 2004. rehameid Morrigage Trust, in June 2003. Since the acquisition the Lusiness has been successfully furned from loss making infig profit. relocating administration activities to our operational centre in 🌣 in substantial cost savings. By combining support functions and

mortgage regulations, from 1 November 2004 has diverted attention away from business generation. Enderine of slower activity and of solder prices has been well documented Less well copered has been evidence of the consequential improvement in demand for rented accommodation, with surveys from RICS, ARLA and indeed

Leason Mortgages rejoining increasing teach demand certainst assets of Linds properly and memory resist teach of leafors which undergons the credit quality of buying list tending.

Never is undergonate reself quality of buying list tending.

Insered lietly that we are at or near the peak of the present interest resists of the present interest resists of the present interest resists of the present interest resistant liet and resistant liet and resistant liet and resistant liet and resistant liet and resistant liet and resistant liet and resistant liet where the same liet and resistant liet well interest to early to say investing for housing Whilst we have seen a strong start to the servitions for housing Whilst we have seen a strong start to the man and year, the rough of this sentiment to have roll on the present activity over the common proposed of this sentiment to be seen.

Depula some specialism to the contrary, we have seen no expense of house once uncertainty indeed our expensence of buying letters having a lower retemption rate thin owner occupied increases to house once uncertainty indeed our expensence of the letters having as has continued in addition survey data has continued in wave visit the majority of Landords in the buy-potent market take a joing form view of their mestigent profit lies, with demagraphic factions privable resired sector remain convinced that its represent services.

The Group has fad an outstanding year. Volumes and profits have confinced to increase strongly, arready performance has remained in accordance with plan and the integration of Mortgage Trust. which traded profitably during the year, has been completed. The

coperties over the next welve months, whilst 75% of existing. contributing to increasing demand for tenanted accomposition.
We note that it was during the test significant housing slowdown.
In this testy, 1950s, that the private travied sector, saw its largest congression in great units. Further recent research by Miniel found that 3.3 million people are considering purchasing buy-to-tal. decade. The attractiveness of buy-to-let as an investment may be

Board; composition

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Committee of the Council of Margago Lenders. Pawar Pandya Jomet the Group in 1988 and was appointed Chied Operating Officer in 2002. He is responsible for all lean

The excellant propers we have made during the year would not have been achieved without the furth work and distinction of our salf from my island arrections. It have them all for their efforts.

Ontaining Chairman

Chairman

S December 2004

15 December 2004

in the further arrections in the further arrections are all the further arrection Staffin

administration and processing, collections and Group bennotody.

In September 2004, we ware pleased in vectore Bob Derch to the Board as an independent run executive director Bob Derevois's held vinious sealor positions with Bardays where; following a finding vinious sealor positions with Bardays where; following a finding vinious sealor positions with Bardays where; following a finding vinious of the UNA and served on the boards of Bardays? Retail Financial Services and private Client businesses He poyed a leating rule in Bardays adjustion of Woolwich pic and in recent years was Ministing Directory Bardays General Insertance. Ulle and Morthage businesses before leaving the furganisation in 2003. Bob is, a non-percentive director of AMA UK pic and of Clipper Ventures pic.

comparatively low toan to value ratio across our buy, to-let portfolio, the high regial cover and direct landing dipligation, will ensure that this portfolio will dipendent active residential mortgage portfolios. to predict. Should there be a deterioration in market conditions, we are confident that the redustness of our business model, with the

CHIEF EXECUTIVE'S REVIEW

strongly, with profit before tax increasing by 36.8% to £71.0 million During the year ended 30 September 2004 the Group advanced for the year, compared with £51.9 million for the previous year.

increase of 43.8%. Net to an assets at 30 September 2004, inclusive Total advances by the Group during the year were £2,124.3 million, million at 30 September 2003. Of these £5,523.4 million or 92.8% of those held by the off-balance sheet companies managed by Mortgage Trust, were £5,950.9 million, compared with £5,287.1 were secured on residential property, providing a base of high compared with £1,477.4 million during the previous year, an quality assets.

The modest increase in net interest income to £80.6 million from £76.5 million reflects both the move away from higher risk assets towards secured, and thus low risk, lending and the normal lag in loan rates following the increases in LIBOR during the year which resulted in a tightening of margins. If interest rates fall, as a number of economists expect, this effect should reverse. Other operating income rose to £40.2 million from £31.0 million, an ncrease of 29.7%, as a result of commissions and fees earned on the larger portfolio and on the higher volume of business written during the year.

lexcluding the goodwill credit of £2.1 million and exceptional costs operational efficiencies eartier in the year impacted favourably on cost income ratio increased slightly as a result of the inclusion of of £3.9 mittion] in the previous year. At 36.3% (2003: 35.3%) the Mortgage Trust, the cost income ratio decreased to 32.2% from reported at the half year. Cost savings from the introduction of the cost income ratio in the second half of the year. Excluding £5.2 million were £43.9 million, compared with £37.9 million However, this represents a reduction from the rate of 37.8% the full costs of Mortgage Trust during the period Inote 8). 33.2% last year.

recent years towards secured lending, where margins are lower but the credit profile is better. The relatively low level of charge is also The charge for provisions for losses of £11.1 million for the year compares with £15.9 million for the previous year. The reduction attributable to the high credit standards required by all lending reflects the significant shift in the Group's lending activities in divisions and the high quality of underwriting applied.

After providing for corporation tax at a charge rate of 23% and for the dividend in respect of the year, profits of £43.7 million have been transferred to shareholders' funds.

Operating expenses, excluding the impact of the goodwill credit of

HISS MODITOGES. History many control to the control of the contro

4 THE PARADON OROUP OF COMPANIES PLC



CHIEF EXECUTIVE: S. REVIEW (Comminged)

Mortgage TLSS:

CHIEF EXECUTIVE'S REVIEW (Continued)

CONSUMER FINANCE

At 30 September 2004 the Consumer Finance book, comprising secured and unsecured personal loans and sales aid finance stood at 691-3 million, 12003, 16889, millioni, Aggregale loan advances were LGSO, million during the year, compared with 6479, 8 million in the previous year. The credit performance of our consumer books has been salisfactory and, assuming relatively full employment, is expected to remain so.

Paragon Personal Finance

Secured personal finance advances were E305.4 million during the year compared with £289.7 million for the previous year. At the year not, the secured book totalted £47.6.1 million [2003; £384.9 million]. Volumes for the year were in line with plan and were achieved in an increasingly compatitive environment following a very strong performance in the second half of the previous year. Paragon Personal France has consolidated its position as a tetalifiat supplier of loans to the broker market with confidence in the brand remaining strong. During the period the level of new unsecured personal loan advances was negligible.

We expect competitive pressures in the secured loans market to increase over the next year as a result of new entrants to the market and a cooling of the busing market. Newortheless, Baragon Personal Finance will maintain its position on credit quality and seek further growth intrough prudent innovation and improved service through new technology.

Sales Aid Finance

During the year ended 30 Septembar 2004, new business of £144.2 million was advanced by this division, compared with £172.3 million in the previous year. At the year end the Sales Aid Finance book totalled £208.6 million [2003, £254.6 million].

As we have reported previously, we have limited lending volumes in our retail and car finance business as a result of less than our retail and car finance business as a result of less than expending this business. Following the removal of unprofitable distribution sources and products, the profitability of new business written has risen significantly. We have focused on streamfilling the car finance distribution channels and reducing unprofitable business relationships, and have integrated the front-end administration of the retail finance business to improve service levels and creduce costs.

As a result of these initiatives the profitability of our sales aid financa businesses has improved. We will strive for further improvement before increasing the capital devoted to this area.

The Group has been active in the securitisation market throughout the year, increasingly diversifying the investor base by issuing about denominated in US dilates and euros, as well as in sterling. The increased depth of this investor base has contributed to the reduction in coupon over LIBOR seen during the year.

In October 2003 a C715 million securitisation of mortgage assets was completed by Paragon Mortgages (No. 6 pic; in January 2004 a 5500 million securitisation of Mortgage Tivas toriginated assets was completed by Frast Freutite No. 6 pic; in May 2004 a 6 7900 million securitisation of Paragon Mortgages and Mortgage Trust originations was completed by Paragon Mortgages (No. 7) pic; in October 2004 a 61.0 billion securitisation, the largest Paragon Mortgage Trust artantion to date, of assets originated by Paragon Mortgages (No. 8) pic, which also carried the lowest coupon of any of our buy-to-let sissues to date, and, in December 2004, a E300 million securitisation of secured labans was completed by Paragon Secured Finance (of secured labans was completed by Paragon Secured Finance (No. 1) pic.

During the year we replaced the Group's corporate banking facility with a £280 million facility to provide funding to support planned work was insert generation. In addition, we have increased the capacity of our warehouse funding line, through which we finance all newly originated assets prior to securilisation, from £900 million to £1.3 billion at 30 September 2004 and to £1.4 billion currently. An additional warehouse facility of £225 million is used for most of the originations by Mortgage Trust but in due course the majority of originations by Mortgage Trust will be consolidated with those by the rest of the Group.

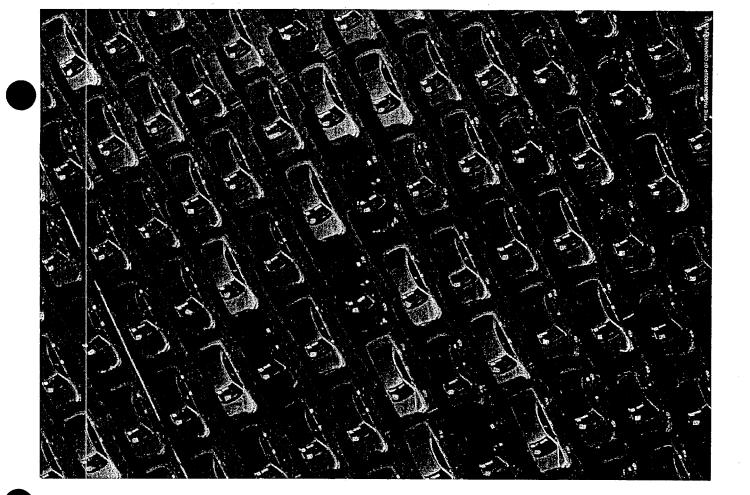
The Group has been voted Best Issuer for Investor Reporting in the 2003 Structured Finance International Awards, from over twenty issuers nominated.

Nigel S Terrington Chief Executive

Shief Executive

15 December 2004

10 THE PARAGON GROUP OF COMPANIES PLC



BOARD OF DIRECTORS

Jonathan P. L. Perry

Johanhan Perry Joined the Group as a inon-backglove director in June 1991 and was appointed Chairman inclanuary 1992. He is a Charle red Accountant and between 1997 and 1999 was vice. Chairman, Investment Bank application, HSBC, Investment Bank and Previous in E. Was a Director of Morgania Grentell & Colling for 15 searce.

Nigel Sterrington One become 39.45

Nigel ferrington joined the Group in 1887 and backing Chief Electrice in June 1985. Thanking held the populations of Treasurer and Transe Directory. Proof of baragoon he workpeal in the strength physicial House in member of the GFD Managoon of Committee of the Filance and Leasure Association. He was previously the Charman of the line mediany Mortdage Lenders Association and was a member of the Executive Committee of the Council of Mortgage Lenders.

Nicholas Keen:

Nicholas Keen joined the Group in May 1991 and became France Director in United 1995, having previously held the position of a. Treasurer: Prort of Johnsy the Group hie worked in Corporate Banking Treasury and Capital Marters: the is Chairman of the Paragoin Credit Committee:

John A'Heron

dijector of vortravast 396 - 65 John Herminoined the Group In January 1998. He was appointed as Arriveling Director on 1994 and in 1994 payed, a private melin, re-establishing the Group's mortrage lending operations as Maingring Director, of Pangon Mortgages, As Unividired of Maingring Director, of Pangon Mortgages, As Unividired of Maingring Director, or Pangon Mortgages, As Ouriector of Maingring Director, or payen with a particle of the Chartered Institute of Bankers and a monther of the Executive Committee of the Countril

Pawan Pandya chier operanio officer ope 40

of Mortgage Lenders.

Pavan Fardya Joneti the Group in Docember (1888, He wasappointed as Chief Operating Uniform July 2002, responsible for all operationes and IT areas of the Group. Prior to joining Paragon. The worked Inforeign exchanges critistic relangement, marketing and deep parage infance.

12 THE PARAGON OROUP OF COMPANIES P.C.

David M.M. Beever

. age 63

David Beever joined Paragon as a non-posecutive director in August 2002. He is Chairman of KRNIG Corporate Frience, Vice-Chairman of Lendon & Continental Raiwaye Lid and a non-executive director of Lendon & Continental Raiwaye Lid and a non-executive director of Lendon & Sporse pat and Vice Coura pic. He was previously a Vice-Chairman of SC Warburg & Co. Lid. He is the Serior independent Vice-Executive Director.

Robert G Dench

Rotert Danch Joined Paragon as a non-executive director in September 2004, the previously held various senior positions within Parkinss: where Coloxing a furnible of overseas appointments; he recurred to the UV sand served on the bostos of Burtings (selfall Financial Services and Priving Loth Businesses. He is also a non-seculive director of MALUX financial Choper Ventions pic.

Gavin A F. Lickley

Pawan Pandya снее очевали соенсев

John A Heron DIRECTOR OF MORTGAGES

Nicholas Keen

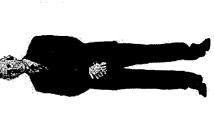
Nigel S Terrington CHIEF EXECUTIVE

Jonathan P L Perry

Gavin Lickley joined Paragon is a hort-executive director in October 2002. He rethresh from the Board of the Investment Banking Division of Deutsche Bank AG in April 2000 insuing previously been thead of the Banking Division and Oharman of Infestion Recolution and is now Charman of Infestion Original and its ow Charman of Infestion Original and one of Against According to Rethrich Interval and Oharman of SAM Coddit Limited a credit card company, He is Charman of the Paragon Remote accompanies.

Christopher D Newell: Nov.ercume precribe

Christopher Newelt has been a director of Autum Capital Limited florinetry Apa, Partners 8, Co, Corporate Fnancel since 1990, Heas assa a director of Artems investment Management Limited Heis 9. Chartered Accountain and pined the Board of Panagon as a nonseedulive director in November 2001. He is Chairman of the Paragon Audit and Complinate Committee.



David M M Beever

Robert G Dench NON-EXECUTIVE DIRECTOR



Gavin A F Lickley



Christopher D Newell Non-executive director

THE PARAGON GROUP OF COMPANIES PLC: 13

Principal activity
The Company is a halding company co-ordinating the activities of its subsidiary companies. The principal activities of the Group continue to be the operation of its first inorgage and consumer times businesses.

The Charman's Statement and the Chall Executive a Review on the Charman's Statement and the Chall Executive a Review on the Charman's Statement and the Chall Executive a Review on the Charman's Statement and the Chall Executive and the Charman's Statement and the Chall Executive and the Charman's Statement and the Charles and the Charman's Statement and the Charman's Statement and the Charman's Statement and the Charman's Statement and the Charman's Statement and the Charman's Statement and the Charman's Statement and the Charman's Statement and Sta

Pages 4 to 10 contain a review of the Group's business during the financial year, its current position and future prospects.

Results and dividends.
The results for the year are shown in the Consolidated Front and Lass Account on page 34.
The states

The state of the control of the cont 3.7p per sharel which logether, with the interim dividend of 3.9p. per share [2000: 2.6p per share) paid on 30 July 2004, imakes a lotal The directors recommend a final dividend of 5.7g per share (2003

A 30 SEPTIMENT 2004 A 70 SEPTIMENT 2004 A 10 S
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DIRECTORS REPORT

The directors submit their Report and the Account from the operation of the Company by written of a patient of a partial of the Company by written of a patient of consistive of a patient of consistive of a patient of consistive of a patient of consistive of a patient of consistive of the Company by written of a patient of consistive of the Company of the Compan of which are given in the Report of the Board to the Shareholders.

on Directors' Remuneration on pages 17 to 22.
50 area in the Company.
Shares in the Company.
50 area in the Company.
50 area in the Company and disposed of the shares that securing Opportunity Shares in the Company and disposed of the shares that accurred.

1 P. L. Perry.
80 000 shares.
N. S. Terrington: 770,000 shares.
N. Keen.
180,000 shares.
N. Keen.
180,000 shares.

On 1 December 2004 optons under the Paragon 2000 Executive Share Option Scheme were granted to McN S Terminon (109/793-shares). Anaes) Wh. N. Keen (82.247 shares). Mn. M. Keen (82.247 shares). and Mr. D. Pandyo (42.205 shares).

cordance with the Anticles of Association. Win Mean, Mr.C.D.
gell and yor R.D. Dench will retire and being dubble, will offer
mestics for recappointment at the forthcoming Annial General
and None of these directors has a service confinct with the
ppany requiring more than? Zimonthis ratics of termination to

The directors had, ather doring or at the end of the year, and a state and on the year, and a state and on the year. The directors in any contract of againticance with the wind its inclinations. ny or its subsidiaries

C D New July Control 20,000

14 THE PARAGON GROUP OF COMPANIES PLC

Substantial shareholdings
Substantial shareholdings
Substantial shareholdings
Substantial shareholdings
Substantial shareholdings
Substantial shareholdings
Substantial shareholdings

ORDINARY SHARES

% HELD

15.554.836 12.97%	8,388 975 7,00% 8,32,588 6,398% 7,00		4,225,579, 4,225,579,357, 3,779,357, 3,179,357,	Close company status Sofaras the detectors are aware, the company is not a close company for translating contractions.	Creditor.payment policy, The Company series terms and conditions with its suppliers.
	8.38		5. E 22.7		
Schrode: Investment Management Limited Bardlays Global Investors Limited	Mortey Fund Management Merrill Lynch Investment Managers M. & G. Investment Managers	The Paragon Group of Companies PLCESOPs theme Franklingful Investment Management	Invanineade Asser Nanagament Limited. Legal & General Investment Management Lented. Control Widows Investment Partnership:	Corporate social responsibility. The Group presents its policie in relation (a corporate social responsibility and issues such as community implement, the fail	anidaqual trantinun of staff, employment of disabled persons, employee participation. Nealth and statey, commitment to diversity and the environment in the Composes Social Responsibility. Report on pages 17 to 18.

Pomprent is their made on the terms agreed subject to the appoint in their made on the terms and conditions being mat by the supplier.

Charitable contributions:

Contributions to contribe metabolism the United Kinddom

By contributions to contribe metabolism the United Kinddom

By contributions to contribe metabolism the United Kinddom

By contributions to contribe the Special Reproposality of the Dissinses.

Charitable actualism is given in the Corporate Special Responsability

Report in page 27 (2018)

THE PARAGON BROUP OF COMPANIES PLC. 15

Auditors.

Aresolution for the fire appointment of Delottle & Touche LIP2 as the audiors to the Company is to be proposed at the forthcoming.

Annual General Medity.

Details of resolutions to be proposed as special business at the Annual General Meeting

Macting:

REGULTION 6

Section Bookine Companies Act 1985 states that the directors may spread to allow the contract a companies Act 1985 states that the directors may represent the allow to recreate a company spread to allow the stransholders, in general spread to see a subject to a solve resolution of the stransholders, in general

The present authority of the directors to allot the unissued ordinary, share capital of the Company was granted at the previous Auffual issued capital at 30 November 2004 and being one third of issued enew, for a further year the present authority of the directors to capital plus shares issuable under option. The directors have no General Meeting on 10 February 2004 and will expire at the end the Jorthcoming Annual General Meeting. Resolution 6 seeks to £4.264.200 representing approximately 35.6% of the Company's present intention of exercising this authority, which will expire the conclusion of the following Annual General Meting allot ordinary shares up to an aggregate nominal value of

RESOLUTION 7

"Under Section 99 of the Companies Act (1985, any shares all orted:
"Welly in cashimus the ultrest to existing a bing analysis in
"Exponential to their holdings, but this requirement may be modified:
"By the authority of a special resolution of the shareholders in
general meeting.

DIRECTORS REPORT: (continued):

Auditors

Auditors**

Auditors**

Auditors**

Are become at the precess Annual General Meeting will be auditors of the general theeting and the auditors of the Company of the Company of the persons of the p Enantholders (harbonton to their holdings, up to an asgregate hoppinal valve of 55% 400, representing applicaments) 5% of the Company assigles in an exapta, a 20 November 2004. directors to allot shares for cash, other than to existing

This resolution which is being proposed as a Special Resolution, write-sale the Company to pricritise in the transit to be a maintainine of all 9 million of the Company sortions shares laptocountaidly (05 of the issued share copial aid (10 bloember 2004) for carcellation in a minimum price of 10g por share and a maintainin price of the great read of maintainin price of of more than 100% of the agreed read of the maintaining price of 10g por share and a maintainin price of of more than 100% of the agreed read of the maintaining the analysis of the interest read of the agreed read of the agreed of the price of 10g por share and a maintaining to be of the agreed of the RESOLUTIONS

Stain and while the in the less timerests of shareholdens generally.

Any purchases made by the Company will be announced no later than 7.30 a.m. on the business day following the transaction.

Approved by the Beard of Directors and signed on behalf of the Boards.

Company Secretary

.15 December 2004

16 THE PARAGON GROUP OF CONPANIES PLC

CORPORATE SOCIAL RESPONSIBILITY

socially responsible manner. As such the Group ensures that a high The Group believes that the long-term interests of shareholders, employees and customers are best served by our acting in a standard of corporate governance is maintained.

Fraining and development

strategy focuses on providing opportunities to develop all of its staff development of employees. The staff appraisal system used by the Group is designed to assist employees in developing their careers People'scheme, which it has held since 1997, was renewed. This During the year the Group's accreditation under the 'Investors in and is central to achievement of the Group's business objectives. within the Group and to identify and provide appropriate training opportunities. The Group's corporate training and development demonstrates the Group's commitment to the training and

Equality and diversity

are requested to co-operate with the Group's efforts to ensure the workforce that recognises the diversity of customers. Employees The Group is committed to providing a working environment in contribute to the success of the business, and to employing a which employees feet valued and respected and are able to policy is implemented in full.

environment free from discrimination, harassment and bullying and The Group's aim is that its employees should be able to work in an introducers and suppliers should be treated fairly regardless of: hat employees, job applicants, customers, retailers, business

- race, colour, nationality, ethnic origins or community background gender, sexual orientation, marital or family status
- · religious or political beliefs or affiliations
 - disability, impairment or age
- real or suspected infection with HIV/AIDS
- and that they should not be disadvantaged by conditions or · membership or non-membership of a trade union

equirements that are unjust or unfair.

ensure that all employees have the opportunity to train and develop Human Resources policies are kept under regular review to ensure annual basis and employee satisfaction with equality of opportunity training and development policies and practices are monitored to is monitored as part of the annual employee feedback surveys. opportunity, in particular, recruitment, selection, promotion, Camposition of the workforce, at all levels, is reviewed on an that they are non-discriminatory and promote equality of according to their abilities.

Employees involvement

The directors recognise the benefit of keeping employees informed instituted a Staff Forum, attended by elected staff representatives communication and dissemination of information throughout the from each area of the business. This exists primarily to facilitate of the progress of the business. During the year the Group has Group and provides a means by which the employees can be consulted on matters affecting them.

Employees have been provided with regular information on the economic factors affecting it, through both information circulars performance and plans of the Group, and the financial and and management presentations.

profit sharing scheme, both of which enable employees to benefit The Company operates a Sharesave share option scheme and a from the performance of the business.

by the staff appraisal process and through communication between The directors encourage the involvement of employees at all levels directors, team leaders and teams.

CORPORATE SOCIAL RESPONSIBILITY ICONTINUED

Environmental policy

The Group complies with all applicable laws and regulations relating to the environment and operates a Green Charler, implemented by:

- · Ensuring all buildings occupied by the Group are managed efficiently by the facilities team and building surveyors.
 - for example:
- maintaining building temperatures within CIBSE guidelines using tow energy lightbulbs where appropriate
- · using light controls to reduce lighting in unoccupied areas
- ensuring energy audits are carried out as part of condition surveys
- re-cycle used products such as waste paper, toner cartridges, etc. Providing facilities and negotiating contracts to enable staff to
- to travel to work in various ways, including installing cycle racks Controlling business travel and providing opportunities for staff and showers (where possible).
- Displaying a Paragon Green Charter at all sites to encourage staff to be environmentally friendly at all times.

Health and safety

requirements of the Health and Safety at Work Act 1974, Workplace [Workplace] Regulations 1997 and the Control of Ashestos at Work Health, Safety and Welfare Regulations 1992, COSHH Regulations The office environment is managed so as to comply with the 1988, Disability Discrimination Act 1995, Fire Precautions Regulations 2002.

undertaken internally and by external consultants and training is maintain the Group's Health and Safety standards. Monitoring is Appropriate procedures have been established to monitor and organised for staff from time to time.

Charitable contributions

contributions of £68,406 to the Foundation for Credit Counselling. The Group contributes to registered charities serving the local communities in which it operates, in addition to the charitable contributions shown in the directors' report the Group made

have the opportunity to nominate a charity and a vote is carried out The Group supports the efforts of the Paragon Charity Committee. variety of fundraising activities throughout the year. All employees which is made up of volunteer employees and which organises a to select the beneficiary of the year's events.

18 THE PARAGON GROUP GF COMPANIES PLC

REPORT OF THE BOARD TO THE SHAREHOLDERS

ON: DIRECTORS: REMUNERATION

This report has been preserved in accordance with the Directors.

This report has been preserved in accordance with the Directors.

This report has person the finance is some and the finance is some and an accordance directors are lart and accordance on the finance is some and accordance on the finance is some and accordance on the finance is some accordance and an accordance are lart an accordance and accordance to the finance is some accordance and accordance to the finance is accordance and accordance to the finance is accordance and accordance to the finance is accordance and accordance to the finance is accordance and accordance to the finance is accordance and accordance to the finance is accordance and accordance to the finance is accordance and accordance to the finance is accordance and accordance to the finance is accordance and accordance to the finance is accordance and a been marked as such Certain parts of this report are required to be audited. Where disclosures are subject to audit, they have been marked as su

UNAUDITED INFORMATION

The Committee consists of three non-executive directors: Gavin Remuneration committee

None of the directors comprising the Committee has any personal fnancial interest lother than as a shareholder), conflict of Interest arising from cross-directorships or day to-day involvementing the businesss The Chairman of the Remuneration Committee is Gawn Lickley. Lickley, David Betiver and Christopher Newell.

executive directors. No director contributes to any discussion about in a cover retructor alto. The Committee also receives the level and structures of confirmeration of service management. The Committee determines the Company's policy on executive remineration and specific compensation packages for each of the

In determining the directors remuneration to, the year, the Committee consulted Mr.J. P.C. Perry (Chalman), Mr.N.S. Rerington Committee consulted in Ar. D.A. Hoare flormer non-executive director and former Chairman of the Committeel about its proposals. The Committee also appointed New Bridge Street Consultants LLP to provide galvice in structuring directors, remuneration packages. New Bridge Street Constituents ILIP advised the Company or various suidity remuneration matters; during the year.

treicamual remuneration nackages are undertaken by the Committee. The miniteration of the non-executive directors is FITHE Company's policy is to ensure that executive directors are fairly. measurement of the executive directors and the determination of rewarded by their individual performance, having regard to the importance of retention and motivation. The performance determined by the Board.

In jorning and reviewing remuneration policy, the Committee has given full consideration to Section 8.1 of the Combined Code on Corporate Governance.

The remuneration packages of the individual directors have been assessment of comparable positions in the financial sector and assessed after a review of their individual performances and an comparably sized FTSE 350 companies from all sectors,

Performance relates delinents of tenumeration are intended to provide a significant proportion of the directors incential tolation morphise alon. Alt decounte directors are remunerated by a combination of fixed and performance related elements. Fixed remuneration consists of salary, persons scheme contributions and benefits in kind.

Performance related emmineration consists of participation in the annual bonus plan and the award of share options and of shares under the performance share plan from time to time. The

Salary

information on comparable companies. Directors contracts of service, which include details of remuneration, with be available for Committee considers remuneration levels within the Group as a whole and relies on objective research which gives up-to-date the beginning of each year in deciding appropriate tevels the inspection at the Annual General Meeting. THE PARAGON GROUP OF COMPANIES PLC 19

REPORT OF THE BOARD TO THE SHAREHOLDERS ON DIRECTORS REMUNERATION (continued) Performance bonuses Bonuse up to anormal maximum of 12% of search in cash can be a morphory a policy is to given policy is to given policy is districtory under the ground policy as districtory under the ground policy as districtory under the ground policy as the districtory. Performance and the ground as a free discretion. Performance and the ground as a free discretion. Performance and the ground as the discretion. Performance and the ground as a free discretion. Performance and the ground as the discretion. Performance and the ground as the discretion. Performance in the ground as the discretion. Performance in the ground as the discretion. Performance in the ground and the ground as the discretion. Performance in the ground as the discretion. Performance in the ground as the discretion. Performance in the ground and a the discretion. Performance in the ground and a the discretion. Performance in the ground and a properties of the discretion. Performance in the ground and a the discretion. Performance in the ground and a the discretion. Performance in the ground and a the discretion. Performance in the ground and a the discretion and a the discretion and a the discretion. Performance in the ground and a the discretion. Performance in the ground and a the discretion and a

November but are accrued in the year to which they relate. the Remuneration Committee. Bonuses are normally paid in

bons) in the form of shares, auch shares being deemed to be equired at the average price during the last fre dealing dous in the September preceding the award. Orrectors are encouraged to take Directors have the option to receive up to one quarter of their cash up this option by a supplementary award of an adjust number of additional shares. The shares comprising both the basic and the stupdementary award vest after three years.

In respect of the year under review, the Remundration Committee Set file maximum cash bodius awards at 133% of salary fine leads being marginally in excess of the normal limit of 125%. This viriation from policy was regarded disappropriate to recognise and reward the significant advance achieved in Group profits and the highly successful integration of Mortgage Trust

Pension contributions

contributes at the same rate as for all members, while in respect of are members of the Group Rettrement Benefits Plan are eligible for a dependant's pension and the payment of a lump sum in the event During the year, four of the executive directors were members of Grdeāth in service. The penson arrangements provide for a penson of cl. 23.5 of basic annual salary los a maximum of 2/31 for every year of eligible sannice. Where pension contributions are capped, additional payments are made to enable further provision. Mr. J.P. L.Perry, the Company paid monthly contributions into his personal pension scheme. Dependants of executive threctors who The executive directors contribute 5% of eligible salary as the Group Retirement Benefits Plan, to which the Company participants in the Plan.

the disclosure of which is required by the Financial Services. Authority, are given on page 23. There have been no changes in the torms of directors, pension entitlements during the year. There are The changes in pension etitllements arising in the financial year. the disclosure of which is required by the Financial Services

UK. London Scottish Bank, Northern Rock, Provident Financial and Colowing Companies selected from the FTSEAL Share Banks and Specially and Other Enlance sectors; Abbey National Included up-to 12 November 2004. Atlance & Leicaster. Cattles, Halani Livedi. requires the Company's lotal shareholder return ITSR over at least three years to be higher than at leasthalf of the TSRs for the performance, up to a maximum of twice annual remuneration in any financial year. For options to be exercisable, the scheme

HBOS: Near boing a range of companies which, in the opinion of the Remuneration Committee and engaged in businesses similar in the heureness of the Group.

The Paragan Performance Share Plan was approved by Shareholders at the Annual General Meeting on 11 February 2000. plan the westing of awards is subject to a retainer TSR larger. The Company styR deer the three year period indiawing grant will be compared to that dithe constituents of the FTSE All Share Blanks and Speciality and Other Frience sectors. No part of an award aggrépaled with aprion grants under the Paragon 2000 Executive.
Share Option Scheiffe the maximum award will be over strares
with a value of twice remaineration in any inhancial year Under the shall vest for a below median performance, 25% of the award shall. upper quartile performance, and between these two points awards vest for a median performance. Awards will only fully vest for an extent that the performance condition has not been satisfied on will vest on a straight line basis. The awards will lapse to the the third anniversary.

Street Consultants LLP before being reviewed and confirmed by the Remuneration Committee. clearest measure that aligns the interests of executives with those of other shareholders. The Company's TSR performance and that of the peer companies is independently calculated by New Bridge. TSR has been selected as the performance measure for these 🖰 awards because the Remuneration Committee believes it is the

Executive directors are also finited to precise options under the Paragraph of Paragraph (1925) and paragraph of Paragraph (1925) and paragraph of Paragraph (1925) and paragraph of Paragraph (1925) and paragraph of Paragraph o

Performance graph

The Informing graph shows the Company's performance, measured by TSR, companed with the performance of the ETSE All Share Specially and Other Thance sector moles, also measured by TSR. The Speciality and Other Finance sector has been selected for this number of companies in the comparator group used by the Company to determine the vesting of awards under the comparison because it is the index that contains the largest Performance Share Plan for executive directors.

SYZAR RETURN INDEX FORTHE FISEALL SHARESPECIALITY IND OTHER FININCE SECTOR AS AT 30 SEPTEMBER 2004



TTEEAL Brief speciality and the finance security

1899, compared with £100 invested in the ETSE Specially and Other Financie index. The other points pointed are the values at the intervential figuredal year ends: This graph shows the value by 30 September 2004 of £100 - 0 invested in The Paragon Group of Companies PLC on 30 Septembe

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а.	The current contracts are dated as follows:	٤.	1 90 . W. T. W. W. T. W. W. T. W. T. W. T. W. T. W. W. W. T. W. W. W. T. W. W. T. W. W. T. W. W. T. W. W. W. T. W. W. W. T. W. W. W. T. W.	. 6
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rly. Iollaws: -	04:	lamended 18 February 1993) 6 February 1996	1990	Tarrerroeu 14 January Linu Breez uday 17 July 11 October 1994	e directors: contra
the terms of these contacts regularly. The current contacts are dated as follows	1 March 2004 1890	lamended 1 6 February	1 September 1990	lantenden - 1 October 1	In the event of early termination, the directors: contracts provide for
erms of these current contr	JP E Perny E	N. Keen	, A Heran	P.Pandyal Trees	e event of ear

Of the directors seeking re-election at the Annual General Meeting, Mr NiKeen has a service contract with the Company i the payment of salary in lieu of notice.

Non-executive directors

All non-executive directors have specific terms of engagement and directors have been paid an annual base lee of £35,000 plus £2,000 for membership of each committee. £5,000 for Remuneration theic femuneration is determined by the Board. subject to the Articles of Association, From 1 February, 2004; all non-executive. Committee and Audit and Compliance Committee chairmanship lindusive of membership! and £3,000 for the senior independent infrettor: Prior (e) Tepruary non-executive directors received 255,000 per annum plus arradditional fee of £5,000 for the charithen of the Remuneration and Audit committees.

Current terms of engagement apply for the following periods: G.AF Lickley. D.M.M. Beever CD Newell

1. November Zuuk un: 100-100 (2005)
7. 10-clober 2005 (0, 21-00-clober 2005)
8. August 2003 to 8 August 2000
22 September 2004 to 29 September 2007 Non-executive directors are not eligible to participate in any of the Company's incentive or pension schemes. R G Dench

The Chairman of the Remuneration Committee will be available. to answer questions on remuneration poucy at the Annual General Meeting.

THE PARAGON BROWN OF COMPANIES PLC. 21"

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20 THE PARKAGON OROUP GF COMPANIES PLC.

REPORT OF THE BOARD TO THE SHAREHOLDERS ON DIRECTORS: REMUNERATION (continued). AUDITED INFORMATION Director's emoluments The amplicments of directors holding office during the page reserve.

2004 2003 TOTAL TOTAL CODO	008 549	31 34 36 26 26 27				
. 1055 0F 20 OFFICE		25 25				
BENEFITS ANNUAL: IN KIND BONUS: COOO BONUS	5 (122) 11 (270) 6 (202) 12 (105)		200 200	inghest paid director. Fit.		
SALJAN ANO FEES	181 222 222 136 136	C (6)	20年代第四周衛星/第二	E .		
	Executive 1 P. L. P. C. M. N. Kern N. Kern 1 J. A. Heror P. Panjoa	Non-executive A.0.Chambers D.M.4Reever R.0.Dentri R.1.RAelin M.1.RAelin	OA Filokoe Conkeed 2004 2003 2003 Registrickind on water	erry is the Cr		

Directors' pensions

The total amount charged to the profit and loss account of the Group in respect of pension provision for directars was £197,000 (2003: £155,000)

Mr N S Terrington, Mr N Keen, Mr J A Heron and Mr P Pandya were members of the Group defined benefit pension scheme during the year.

the amounts shown below describe their entitlement in accordance with paragraph 12.43Alc) of the Listing Rules.

ACCRUED PENSION AT 30 SEPTEMBER 2003 OR AT APPOINTMENT	0003	80	1,7	57	35
ACCUMULATED TOTAL ACCRUED PENSION AT 30 SEPTEMBER 2004	0003	76	57	53	17
TRANSFER VALUE OF INCREASE LESS DIRECTORS' CONTRIBUTIONS	C000	81	27	23	22
INCREASE IN ACCRUED PENSION DURING YEAR EXCLUDING ANY INCREASE FOR INFLATION	0003	11	e	7	4
		N S Terrington	N Keen	J A Heron	P Pandya

Members of the scheme have the option to pay Additional Votunlary Contributions; neither the contributions nor the resulting benefits are The pension entitlement shown is that which would be paid annually on retirement based on services to 30 September 2004. The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11 less directors' contributions. included in the above table.

The following disclosures describe the pension benefits earned in the year in accordance with Schedule 7(A) of the Companies Act 1985.

ñ * .		ACCUMULATED TRANSFER VALUE	ACCUMULATED	INCREASE	DIRECTORS	AGE
NTHE ACCINCIAN ACCINCIAN AT 30	VALUE OF IN TRANSFER	OF ACCRUED	TOTAL	Z	CONTRIBUTIONS	¥
FEASINN PENSION AT 30 THE TRANS AT 1	ACCRUED	BENEFITS AT	ACCRUED	ACCRUED	¥.	YEAR
FAN THEYEAR YEAR END AN ECONO (COO)	BENEFITS AT	30 SEPTEMBER	PENSION AT	PENSION	YEAR	END
0003 0003 0003 0003 14 9 44 5 5 5 5 8 53 8	30 SEPTEMBER CONTRIBUTION	2003 OR ON	YEAR END	IN THE YEAR		
6000 6000 6000 6000 6000 6000 6000 600	2004	APPOINTMENT				
	£000	£000	0003	£000	C000	
44 13 14 94 611 46 5 5 45 339 45 7 8 53 362 30 7 6 7,1	_					
46 5 5 45 339 45 7 8 53 362 30 7 6 71 310	781	611	76	17	13	77
26 7 8 53 362	411	339	45	S	5	46
30 7 6 71 319	729	362	53	ဆ	7	45
213	268	218	17	S	7	39

contributions shown are those paid or payable by the directors under the terms of the plan. Members of the scheme have the option to pay The pension entitlement shown is that which would be paid annually on retirement based on services to 30 September 2004. The Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above table The transfer value has been catculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11. "Retirement Benefit

Schemes - Transfer Values' published by the Institute of Actuaries and the Faculty of Actuaries.

The transfer values disclosed above do not represent a sum paid or payable to the individual director. Instead they represent a potential liability of the pension scheme. During the year the Group made contributions of £81,000 (2003). £74,000] in respect of further pension provision for Mr N Keen. Contributions of £40,000 (2003: £39,000) in respect of Mr J P L Perry were paid into his personal pension scheme.

ZZ: THE PARAGON OROUP OF COMPANIES PLC

REPORT OF THE BOARD TO THE SHAREHOLDERS ON DIRECTORS' REMUNERATION (Continued)

Share option schemes

Details of individual options held by the directors at 30 September 2003 and 30 September 2004 are:

DATE FROM	EXPIRY DATE	NOTION	JP L PERRY	N S TERRINGTON	N KEEN) A HERON	P PANDYA
WHICH EXERCISABLE			NUMBER	момвек	NUMBER	NUMBER	NUMBER
Options held at 30 September 2003 or at date of appointment:	September 2003	or at date of a	ppointment				
	-		777.647		,	•	•
13/03/1998*	13/03/2005	97.33p	949'/14	טבב טטט	000 070	48,000	,
31/03/2001	31/03/2008	218.00p	120,000	000,002	140 000	32 000	,
31/03/2001	31/03/2005	218.00p	80,000	170,000	000'001	80 000	•
11/01/2002*	11/01/2009	147.50p	•	300,000	•	30,000	•
17/02/2003+	17/02/2010	147.00p	100,000	100,000	ı	000,04	•
26/05/2003	26/05/2007	148.50p	200,000	200,000	, ,	,	
01/08/2005	01/02/2008	120.64p	•	13,481	250.000	000 09	000'09
27/11/2004+	11/2011	248.00p	170,000	300,000	000'067	80 000	80,000
29/07/20051	29/07/2012	186.50p	20,000	000'09	000000	682.59	68.421
14/03/2006+	14/03/2013	186.50p	122,368	191,093	5.053	5.053	•
01/08/2006	01/02/2007	183.04p	5,053	•	200'6	20010	
			1,235,067	1,590,040	854,000	778'097	208,421
Options granted in the year;	n the year;						1
08/12/2006†	08/12/2013	339.00p	28,997	98,083	73,746	41,298	41,298
Options exercised in the year:	d in the year:						
On 23/02/04						٠	,
13/03/1998*	13/03/2005	97.33p	(979,714)	-			
00/03/07						[80,000]	•
11/01/2002*		147.50p	•	. ,		(30,000)	٠
17/02/2003+		147.00p			•	(15,000)	,
26/05/2003	26/05/20U7	doc.644					
						071.000	2//0719
At 30 September 2004	r 2004		876,418	1,688,123	927,746	377,140	

[•] The exercise of these options is conditional upon earnings per share increasing at a rate in excess of the retail price index over the three preceding (mancial years. The imital earnings per share is adjustable, in certain circumstances, subject to Inland Revenue approval.

Aggregate gains before taxation made by directors on the exercise of share options during the year were C1,467,000 (2003: C1,293,000).
At 30 September 2004. The Paragon Group of Companies PLC share price was 341.0p (2003: 334.0p) and the range during the year then ended was 295.0p to 400.0p (2003: 159.5p to 344.5p). The share price on 23 February 2004 was 398.0p and on 9. July 2004. 273.0p.

Paragori Fecro mance. Share Rean inthe Company forms and will was on the third ample is any of paragori fecro mance payment and will was on the third ample is any of sequences in the Company forms in company and will was on the posterior and in the posterior in the payment and will was on the posterior in the payment and will was only a posterior in the payment and will avail any applicable preformance and mind have been satisfied. All availed to the are adopted to the posterior of this report.

as entherensis of the directors under the Pangoli Performance Share Plansi 10 September 2003, and 30 September 2004.

t The exercise of these options is conditional upon the Company's total shareholder return exceeding the lotal shareholder return for at least half of a specified group of comparator companies.

REPORT OF THE BOARD TO THE SHAREHOLDERS ON DIRECTORS: REMUNERATION (Continued)

Deferred Bonus Scheme.

Details of individual entitiements of the directors unger the Deferred Bonus Scheme at 30 September 2002 and 30 September 2004 are was obtained and september 2004 and 30 September 2004 are was obtained and september 2004 and 30 September 2004 are was obtained and september 2004 and 30 September 2004 are was obtained and september 2004 and 30 September 2004 are was obtained and september 2004 and 30 September 2004 are was obtained and september 2004 and 30 September 2004 are was obtained and 30 September 2004 and 30 September 2004 are was obtained and 30 September 2004 and 30 September 2004 are was obtained and 30 September 2004 and 30 September 2004 are was obtained and 30 September 2004 and 3

Awards outstanding at 30 September 2003 or at date of appointment.

Awards made in the year:

13,473 11- 16,467 74. 27/02/2004 01/10/2006: 387.60pd 129,940 45,284

13,473 32,934 45,284 'At 30 September, 2004

Under the Deferred Bonus Scheme the o

16,467

after the Cransier date.

Under the Determat Bonus Schemet the following availates are due to be granted infrappec of bonuses for the year ended 30 September 2000.

17 L. Perry 14, 11 shares.

N. S. Jermeyon 52,045 shares.

N. Keen 37,100 shares.

1. A. Herror 20,204 shares.

ires awarded will be transferred to the scheme participants as soon as is reasonably practicable

20.528 shares .20.528 shares

P.Pandya

Signed on behalf of the Board of Directors.

Chairman of the Remuneration Co.

Gavin A F Lickley

15 December 2004.

STATEMENT OF DIRECTORS: RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

Indirectors are required by the Companies Act 1988 to preside.

The directors are required by the Companies Act 1988 to preside.

The directors are required by the Companies Act 1988 to preside.

The directors are required by the Companies Act 1988 to preside.

The directors are required by the Company and the Secure at 1988 to preside a term to the manner by each and of the profile of the profile of the company and which reads the company and the Companies.

Act 1985

The directors consider that in prepaining the financial statements for pages 34,6,72, the Company has used appropriate accounting politices, consistently applied and supported by reasonable and

, are reasonably open to them to saleguard the assets of the Group and to prevent and detect fraug and other, rregulanties.

THE MEMBERS OF THE PARADON GROLE OF COMPANIES PLC.

TO THE MEMBERS OF THE PARADON GROLE OF COMPANIES PLC.

The MEMBERS OF THE PARADON GROLE OF COMPANIES PLC.

The Members of the Members of the Paragon Group of the Members of the Paragon Group of the Members of the Members of the Paragon Group of the Members of the Members of the Paragon Group of the Members of the bein prepared under the accounting policies, set out therein. We have also audited the into mation in the part of directors remuyeration report that is described as having been audited. This copart is made subly to the Company's members, 39 a body. In accordance with section 235 of the Company's members, 39 a body. In

work has been undertaken so that we might state to the Company s anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we auditors, report and for no other purpose. To the fullest extent members those matters we are required to state to them in an permitted by law, we do not accept or assume responsibility to

Respective responsibilities of directors and auditors

preparation of the after information contained in the annual registricity of directors, enhuneration fearth Our responsibility is to audit the financial statements and the part of the director reconstruction, respiration, respiration, respiration, respiration, respiration, respiration, respiration, respiration, statements and auditing standards. financial statements in accordance with applicable United Kingdom As described in the statement of directors responsibility, the Company's directors are responsible for the preparation of the law and accounting standards. They are also responsible for the

not received all the information and explanations, we require focusi-sulfit of it information expecified by law or, the utaing folies: reparding directors, remuneration and frameactions with the Company and other members of the Group's and disclosed.
We review whether the corporate governance statement reflects We report to you our opinion as to whether the financial statements give a rule and tair view and whether the financial statements and the part of the directors, remulearisloin report described as having been audited have been properly propared in accordance with the Companies Act 1885. We also report by you'll, in our applicant the directors: report is not consistent with thei jinancial statements, if the Company has not kept proper accounting records, it we have

Combined Code specified for our review by the Listing Rules of the Financial Seinices Authority and we report if it apps not two are not effectiveness of the Group's corporate governance procedures or its required to consider whether the Board's statements on internal. control cover all risks and controls, or form an opinion on the the Company's compliance with the seven provisions of the risk and control procedures:

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with the function distance to the function of

auditing standards research by the Auditing Practice Board An audit Linculdée écamination, on a test basis, of evidence relevant to the amounts and disclosures in the financial salements and the part of audited; it also includes an assessment of the significant estimates and judgements made by the directors in the preparalish of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group. the directors remuneration report described as having been We conducted our audit in accordance with United Kingdom consistently applied and adequately disclosed.

other inegularity or error informing our opinion we also evaluated the overall acequacy of the presentation of information in the financial statements: We planned and performed our authess as to obtain all the information and epiphalitois with we considered necessary in everyon to provide its with such terms fundation to age vascanable sessionate that the financial streaming and the after a director's reproductively and provided as faunting been addited are free from majorial misstantiament whether coursed by frauding

Opinion n our opinon

of affairs of the Cumbany and the Group as at 30 September 2004, and of the profit of the Group for the year their ended and ... the Invaridal statements and the part of the directors • the financial statements give a true and fair new of the state i remune ation report described as having basin audited have been properly arepared in accordance with the Companies

Objected Accountains and Registered Auditors (Birmingham)

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Birmingham 2004.

CORPORATE GOVERNANCE

the Combined Code on Corporate Governance. A statement on how been in compliance with the Code provisions set out in section 1 of Governance and Code provisions, was issued by the London Stock The Combined Code, which sets out Principles of Good Corporate provisions in the Code relevant to companies have been complied Exchange in June 1998. Throughout the year the Company has Governance and a statement explaining the extent to which the the Company has applied the Principles of Good Corporate with appear below.

provisions set out in the revised Combined Code and is taking steps Code, as required under the Listing Rules, next year. However, the Combined Code issued by the Financial Reporting Council, which will report formally on its compliance with the revised Combined 1 November 2003 ("the revised Combined Code"). The Company applies to listed companies for periods commencing on or after to ensure that it will be in a position to meet its requirements. Board has reviewed the main and supporting principles and The Board notes the publication in July 2003 of the revised

Directors

The Board of Directors comprises the Chairman, four executive and every three years. The names of the directors in office at the date of broad and valuable range of experience. Jonathan Perry has been four non-executive directors, all of whom bring to the Company a this report and their biographical details are set out on pages 12 directors will submit themselves for re-election at least once in Executive since June 1995. In accordance with the Code, all Chairman since February 1992 and Nigel Terrington Chief and 13.

Executive is clearly established, set out in writing and agreed by the balance and challenge. The Board meets regularly throughout the senior independent non-executive director. This provides effective major agreements, transactions and other financing matters and year and is responsible for overall Group strategy, for approving The division of responsibilities between the Chairman and Chief Board, including David Beever who has been nominated as the business and corporate issues prior to meetings and there is a formal schedule of matters reserved for decision by the Board Board. There is a strong non-executive representation on the for monitoring the progress of the Group against budget. All directors receive sufficient relevant information on financial,

of alt relevant operational and strategic issues and bring a strongly and all are appointed for fixed terms. They are kept fully informed ndependent and experienced judgement to bear on these issues. All the non-executive directors are independent of management

furtherance of their duties whenever it is considered appropriate to All directors are able to take independent professional advice in the do so.

The Board also operates through a number of committees covering certain specific matters, these being:

- The Remuneration Committee, consisting of Gavin Lickley, who chairs the committee, David Beever and Christopher Newell.
- The Audit and Compliance Committee, consisting of Christopher ensuring that the system and controls for regulatory compliance monitors the integrity of the Group's financial reporting, reviews audit function, monitors the relationship between the Group and Group's external and internal audit functions report to the nonmonitors and reviews the effectiveness of the Group's internal Lickley. The committee meets at least three times per year. It the external auditors and provides a forum through which the Newell, who chairs the committee, David Beever and Gavin the Group's internal control and risk management systems, executive directors. The committee is also responsible for are effective.
- is convened as required to nominate candidates for membership directors, David Beever and Christopher Newell. The committee The Namination Committee, consisting of Jonathan Perry, who chairs the committee, Nigel Terrington and two non-executive of the Board, atthough ultimate responsibility for appointment rests with the Board.
- heads of functions and chaired by Nigel Terrington, the Chief Executive, It meets regularly and monitors Group interest rate The Asset and Liability Committee, consisting of appropriate risks, currency risks and treasury counterparty exposures.
- executives and chaired by Nicholas Keen, the Finance Director It meets regularly and is responsible for establishing credit The Credit Committee, consisting of appropriate senior policy and monitoring compliance therewith.

executive directors and that the directors collectively possess the All Board committees operate within defined terms of reference. The composition of the Board and its committees is kept under skilts and experience necessary to direct the Company and the review, with the aim of ensuring that there is an appropriate balance of power and authority between executive and non-

CORPORATE GOVERNANCE (Continued)

the Nomination Committee. Uttimately, the appointment of any new There is an established process for external appointments through Director and the other executive directors is appraised by the Chief director is a matter for the Board. Executive director appointments Board approves the appointment only after careful consideration. Executive in conjunction with the Chairman. The results of these appointments are based upon the candidates' profiles matching those drawn up by the Nomination Committee, In all cases the appraised annually. The performance of the Chief Executive is appraisals are presented to the Remoneration Committee for appraised by the Chairman. The performance of the Finance The Board, individual directors and Board committees are are based on merit and business need. Non-executive consideration and determination of remuneration.

facilitate a Board evaluation. All Board directors are required to complete a detailed questionnaire on the performance of the Board and Board committees and the Board subsequently discusses the The Board utilises the services of an external consultant to results of the evaluation.

The non-executive directors meet at least annually to review the performance of the Chairman.

Directors' remuneration

executive directors and members of senior management prior to determining its recommendations on annual remuneration, The Remuneration Committee reviews the performance of performance bonuses and share options for the Board's

The Report of the Board to the Shareholders on Directors' Remuneration is on pages 19 to 26.

Relations with shareholders

twenty working days' notice of the Annual General Meeting at which the directors and committee chairmen are available for questions Shareholders will have an opportunity to vote separately on each resolution and all proxy voles lodged are counted and the balance institutional and private investors. All shareholders have at least investors on the Group's activities and to answer their questions. The Annual General Meeting is held in London during business hours and provides an opportunity for directors to report to The Board encourages communication with the Company's for and against each resolution is announced.

group.co.uk provides access to information on the Company and its course of the year and the Company's web site at www.paragonprogramme of meetings with institutional investors during the businesses.

Directors' Report on pages 14 to 16 to present a balanced and lines are included within the Chairman's Statement and Chief Executive's Review. The Board uses these, logether with the understandable assessment of the Company's position and

to the date of these financial statements. The directors confirm that the Board, was in place for the year ended 30 September 2004 and significant risks faced by the Group, which is regularly reviewed by with the guidance 'Internal Controls: Guidance for Directors on the internal control for this period and that these procedures accord they have reviewed the effectiveness of the Group's system of Combined Code

The Chairman, Chief Executive and Finance Director have a full

Accountability and audit

Detailed reviews of the performance of the Group's main business prospects.

The directors' responsibility for the financial statements is described on page 27. An on-going process for identifying, evaluating and managing the

Complete the control of the control

30 THE PARAGON OROUP OF COMPANIES PLC

THE ACCOUNTS

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	CLgndon office.				
	30-34 Moorgate				
	London EC2R 6Pg				
	Telephone: 020 778&8474				
	· Internet				
diger.	www.paragon-group.co.uk				
	Auditors: Dates: 9-				
	Chartered Accountants				
	Four Brindleyplace Birmlingham B12HZ				
	Solicitors				
	Saughter and May				
	:.One Burnfull Row				
	Registrars and transfer office				
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CONSOLIDATED PROFIT AND LOSS. ACCOUNT

CONSOLIDATED PROFIT AND LOSS ACCOUNT	ND LOSS ACC	LVNO		
		7007	2003	
	Notes	Em.	£m £m	
interest receivable. Interest payable and similar charges	3	(331.4)	272.0 (195.5)	
Net interest income Other operating income t	200	80.6	76.5	
Total operating income Operating expenses Exceptional regramsation costs		120.8	107.5	
Unjer operaring expenses Amortisation of negative goodwill.		6.2	2.1	
Total operating expenses Provisions for losses		(1987) (1111)	(39.7) (15.9)	
Operating profit being profit on ordinary activities before taxation fax charge on profit on ordinary activities	9 (1) (1) (1) (1) (1) (1) (1) (1) (1) (1)	0.17	915	
Profit on ordinary activities after taxaltor for the financial year could dividend?	C	54.7	[57]	
Retained profit		43.7	32.8	
Earnings per share Dasic	14,14	00.87	35.5p	

There is no material difference between the results as stated above and those determined on the historical cost basis.

There is no material difference between the results as stated above and those determined on the historical cost basis.

CONSOLIDATED BALANCE SHEET

Assets employed Fixed assets Anarogute assets Integrate goodrill (The property of the proper				
Will F	Notes	, Em E	REST Em	2003 Restated Note (F) Em
Will The course if				
ct to non-recourse fi a finance	151	[114.0]	(0.7)	(18.9)
	0 -			374 C
16. 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	17	(1,520.3)	[2,285.3]	
sjamojsno oj sveot	181	37.4	3,051.3	
		4,529.9	6 0	3,127.6
Current assets				W.5
Debiors: falling due within one year.	22, 15	8.8	7.0	
nvesments Gashi at bank and in hand		172.0 114.7	150.5	
		7,934.0	l ol	3,421.5
Financed by, Equity shareholders, funds				
Called-up share capital Share premium account	23. 24.	68.8		11.9
Merger reserve Profit and loss account	24	(70.2) 770.1	(70.2)	1 24 - 1 25 - 1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Share capital and reserves		268.7	75.58.39	223.2
Own shares	25	[12.3]	<u>3</u>	(9.8) 225.3
Provisions for liabilities and charges	27	2.6		
Creditors. Amounts falling dis withfunds year.	300	777	1080	
Amounts falling due affer more than one year.	25	4,593.6		3,188.6
		7,934.0		3,421.5
Approved by the Board of Directors on 15.0ecember 2004	700			
				STATE OF THE PARTY
N.S. Terrinaton				

Approved by the Board of Directors, our Is Dacember 2004.
Signed on behalf of the Board of Directors.

N.S. Terrington:

N.S. Terrington:

Finance Director

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HOLDING: COMPANY: BALANCE SHEET.

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	5/	426.5	52.0	12.0	282.7 294.7 [112.3]	1961	
	2004						
14.	.	715	9 0	. 68.8 51.3 162.6			
	Notes	19.		23 24 24 24	. 25	29	
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CONSOLIDATED CASH: FLOW STATEMENT-

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MOVEMENT: N EHOLIDERS FUNDS 2243 MOVEMENT: N REHOLIDERS FUNDS 2249 2249 2249 2243 2243 2243	MOVEMENT IN Fig. 19.2 MOVEMENT IN Fig. 19.2	-Net cash inflow from operating activities		129.3	108
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(2.9) (2.9) (3.0) (4.0) (5.6) (5	$\frac{(2.9)}{0.0}$ $\frac{0.0}{0.0}$	Profit attributable to shareholders		54.7	07
0.2 1.0 0.3 0.3 0.3 0.3 1.0.6	004 010 010 010 010 010 010 010 010 010	Purchase of own shares by ESOP Trust		(2.9)	(2
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234.9 234.9 19.6) 28.83 28.6.2 28.6.2	224.9	Charge for long term incentive plan		0.9	0
(204) 2008 (10,4) (10,8	23.6)	Net movement in shareholders, funds		(43.1	.33
geriod adulatiment (19.6) 225-3 (19.8) (19.8) (19.6	ering adjustment 226.3 Julied 226.3 julied 226.2 julied 2	Opening shareholders funds: As previously reported	6.786		200 A
areholder? lunds	areholders funds	Prior period adjustment	[9,6]		(8.8)
areholders funds	areholders funds	As restated		225.3	192
		arehold		268.4	225
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CCOUNTS. NOTES TO THE ACCOUNTS FOR THE YEAR TO 30 SEPTEMBER 2004

The financial statements have been prepared in accordance with applicable accounting standards. The particular .. policies adopted are described below :-

- under the historical cost convention as adjusted for the (a) Accounting convention The accounts are prepared
- revaluation of the dasset investments.

 (b) Basis of consolidation The consolidated accounts deal.

 with the accounts of the Company and its subsidiaries, made up to 30 September 2004. The results of businesses acquired are dealt with in the consolidated accounts from the date of acquisition:
 - As required by Financial Reporting Standard 5 -Reporting the Substance of Transactions; quasiconsolidated accounts on the same basis as true subsidiaries; described above subsidiary undertakings are deaft with in the
- balance sheet and credited to the profit and loss account over the period expected to be benefited by the Subsidiares, described above (c) Negative Goodwill Negative goodwill arising from the pyrchase of subsidiary Underbkings, representing the excess of the fair values of acquired assets over the fair value of the purchase consideration; is held on the acquisition, within other operating expenses.
- e (d) Tangible fixed assets Tangible fixed assets are stated at ာ Cost less accumulated depreciation 🐑 🖰
 - lei, Depreciation Depreciation is provided on cost in equal, annual instalments over the lives of the assets. The crates of depreciation are as follows:
- Short leasehold premises 🛴 💎 over the life of the lease Computer equipment : 25% per annum. Furniure Txures and office equipment 15% per annum.
 - . . . 25% per annum (f) Loans to customers Loans are stated at cost less. provision for diminution in value Motor Vehicles
- nature of each portfolio, borrower payment profile and The amount provided is an estimate of the amount needed to reduce the carrying yauge of the asset to its application of formulae which take into account the expected recoverable amount and is based on the

THE PARAOON GROUP OF COMPANIES PLC

- (g) Assets subject to non-recourse finance Certain mortgage basis originated by subsidiary companies had previous been soft in special intropes vehicle companies on a non-recourse basis. The anough of these basis is the basis of the basis Standard 5- Reporting the Substance of Transactions hi Fixed assets - Investments The Company's investments from them in accordance with Financial Reporting
 - in subsidiary companies are valued by the Directors at ... the Company's share of the book value of their underlying net tangible assets:
- pre-arranged prices at the end of the lease birm are included in stock at the prices to be paid: in accordance with Financial Reporting Standard 5 Reporting the Substance of Transactions (less any provisions to Other stocks are slated at the tower of cost and net (i). Stocks Obligations to purchase vehicles from lessors at. reduce the prices to net realisable value.
- (I)- Current asset investments Balances shown as current asset investments in the balance sheet comprise short term deposits with banks with maturities of not more than 90 days and more than 7 days.

realisable value

- Cash at bank Balances classified as cash in the balance deposits with banks with maturities of not more than sheet comprise demand deposits and short term 3
- charged or credited to the profit and loss account on any future disposal of the business to which they relate value of the net assets acquired, has previously been subsidiary undertakings, representing the excess of the written off on acquisition against Group reserves as a matter of accounting policy. Such amounts would be fair value of the purchase consideration over the fair III. Goodwill Goodwill arising from the purchase of

- (m) Determed, axadion Determed laxation is provided; in full the charge to the profit and toss account for providing to minimage differences that result in an obligation at the persons under defined contribution pension schemes balance street date to poy more fait, or a right to pay. Is equal to the contributions payable to such schemes balance street date to poy more fait, or a right to pay. less tax, at a future date, at rates expected to apply
 - law. Fiming differences arise from the inclusion of item likely than not that they will be recovered. Deferred tax assets and tabilities are not discounted. periods different from those in which they are included of income and expenditure in taxation computations in when they crystallise based on current tax rates and recognised to the extent that it is regarded as more in financial statements. Deferred tax assets are
- (n). Funding costs initial costs incurred in arranging funding facilities are amortised over the period of the Tacility
 Unamortised initial costs are deducted from the
 associated liability Profits on the early repurchase of
 - loan notes are included within interest payable and similar charges.

 (b) Financial instruments Derivative instruments utilised by the Group comprise currency swap, interest rate. agreements. All such instruments are used for hedging recognised as adjustments to interest expense over the Group's risk management policies, Amounts pavable or receivable in respect of interest rate swaps are period of the contracts. The Group does not enter into purposes to alter the risk profile of the existing underlying exposure of the Group in line with the swap interest rate cap and forward interest rate speculative derivative contracts.
 - (p) Other operating income The turnover and gross profit of Paragon Vehicle Contracts Limited are not derived from the Group's principal activities and the gross profit is: therefore included in other operating income. The turnover is shown in note 5.
- (d):Pension costs The expected cost of providing pensions:
 within the funded defined benefit scheme, as calculated
 periodically by professionally qualified actuaries using: the projected unit method; is charged to the profit and: scheme are held separately from those of the Group in oss account so as to spread the cost over the service lives of employees in the scheme. The assets of the an independently administered fund.

• for the year.

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- The Group has adopted the transitional disclosure. requirements of Financial Reporting Standard 17. Retirement Bonefits:
- own shares within fixed assets. The impact on the cash flow statement is the rectassification of share purchases from capital expenditure to financing and the inclusion. than being included as investment in own shares. There is no impact on the consolidated profit and loss account. balance sheet as a deduction in arriving at Equity. of cash balances held by the ESOP Trust as cash rather 2003.have been restated to reflect the implementation which requires that shares held by the trustee of the > " Shareholders: Funds, rather than as investment in [r] Own shares The balance sheets as at 30 September Group's share option schemes are shown on the. of UITF Abstract 38 = Accounting for ESOP Trusts" Own shares are stated at cost.
- (ssued under the terms of the Paragon Performance). Share: Plan is charged to the profit and loss account Long term incentive plan. The cost of shares to be over the period between the date of grant and the
- Leases, Rental income and costs under operating leases sire credited /charged to the profit and loss account over the period of the leases.

vesting, date

- con the actuarial basis. Hire purchase receivables are amount receivable less interest not yet accrued and Income from hire purchase contracts is accounted for included within Loans to Customers, at the total provision for doubtful debts.
- period. Unamortised commission balances are included (u) Brokers commissions Brokers commissions payable on mortgage toans are amortised over an appropriate Loans to Customers
- amortised are included within Loans to Customers. amortised on a straight-line basis over the period of the loans to which they relate. The balances being Broker's commissions payable on other loans are

NOTES TO THE ACCOUNTS (Continued)

For he Year to as september 2004.

2. ACQUISTTION AND GOODWILL.

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Therefore a regaine goodwill arising and the acquisition is now calculated to the £21 and note 15).

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6 EMPLOYEES

The average number of persons including directors: employed by the Group during the year was 730 (2003: 665).
Staff costs incurred during the year was 730 (2003: 665).

Social Security coals. 14. Other pression coats 15. 14. Other pression coats 16. 16. Other pression coats 17. EXCEPTIONAL REDROANISATION COSTS. These were this reduction of coarse which were coacted to the direct memory of the amount and the security of the formation of the security of the se		·Em	ę, em
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2013 2013 2013 conting the amount cod integration of the paintier of the Group's operations 2000, (520) 1008 1008 1008 1008 1008 1008 1008 10	Wages and salaries Sonal Security costs	2.0	7.1
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2004 2004 2006 2006 2006 2006 521 522	Reorganisation costs Amortisation of negati	[5.2]	[2,1]
200.0 200.0 200.0 200.0 200.0 200.0 200.0 200.0 200.0 200.0 200.0 200.0		(43.9)	(37.9)
2005 36,3% 2006 .m. .m. 1.6 15,21 0.1 5,22		***	
2006 2006 6m 1.6 1.8 15.21 5.22	Total (operating income	120.8	107.5
2004 2004 Em 1.6 1.2 19.21	Cost / incomeratio	36.3%	35.3%
2004 2004 6.01 1.6 1.6 1.01 0.01			
2006 Em 1.6 15.21 0.4	9. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
cin of negative goodwill.	Profit on ordinary activities before taxation is after charging // crediting).	7007	2003
of negative goodwill. Spanial machinery **** Spanial machinery *** Spanial mac			E.
of negative goodwill. Spring in machinery. Spring in a payable.	Denemialin	91	61
6.7	Amortigation of negative goodwill.	(52)	(2,1)
The state of the s	Hire of plant and machinery an		E 0
一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个	Property rents payable with the property rents and	2.0	7.4

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR TO SEPTEMBER 2004 10, FEES PAID TO AUDITORS

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11-TAX:CHARGE ON PROFIT ON ORDINARY ACTIVITIES (A) ANALYSIS OF CHARGE IN THE YEAR

	2007 	2003. Fm:
Ourself and the second	571	133
on control and in some particle and delighted and delighte	(C3) (C3)	[2.6]
ioat currentiax	15.5	10.3
Deferred lax (note 27):		7.
Recognition of asset hot previously recognised Adjustment in respect of prior periods	0.1	(1.0) (1.0)
Total deterred tax	8.0	113
Tax charge on profit on ordinary activities.	16.3	39.11 m = 11.65
B FACTORS AFFECTING TAX CHARGE FOR THE YEAR. The lax assessed for the war is lower than the standard rate of comparation	comoration tax in the UK of 33% (2003: 30%). The differences	The differences
are explained below	2007	2003
	mg ()	Ç
Profit on ardinary activities before taxation.	7110	51.9
Profit on ordinary activities multipled by standard rate of connection by a standard rate		66
Effects of the Control of the Contro		
Reversal of timing differences Permanent differences.	(17)	1.21
ACT credit. Priory year, credit	(0.7) (0.3)	[0.4]
Our entities charge for the year	15.5	10.3
(C) FACTORS THAT MAY AFFECT FUTURE TAX CHARGES		

Tol FAULUKS: IMALIMAT AFFECT FOLICING 19A COMPRISED.

The Group will not be disable on the amortisation of the negative goodwill arrising on the acquisition of Mortgage Trust Limited influences in addition, the orong Correction of the negative goodwill arrising on the acquisition of Mortgage Trust Limited influences in addition, the Group Correction in subsidiary companies. Future lax charges will be reduced from the significant rate of profits arise in the appropriate subsidiary companies. Future lax charges will be reduced from the significant rate for only has capital Josses in greass of (40,0m/ (2003; £40,0m) which are available to offset against future capital gains of the Group.

THE PARADON GROUP OF COMPANIES PLC 43

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NOTES.TO THE ACCOUNTS (continued on the YEAR TO THE ACCOUNTS (continued on the YEAR TO 30 SEPTEMBER 2004)

12. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARAGON GROUP OF COMPANIES PLC
The holding company signal after tax for the finding company under the provisions of Section 220 of the Companies Act 1985

13. EQUITY INVINERALE

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Basic weighted average number of outlandy shares fanking for dividend during the year. 113342439 Dutuke differe out the weighted average number of share opions and incentive plans in issue during the year (4.344.990 1.33322439 Dutuke dividend during the year 1.344.990 2.3377469 Shares copions and incentive plans in issue during the year 1.344.990 2.3377469 Shares copions and incentive plans in issue during the year 1.44.990 1.570.208 Enringspeer outlandy share in besign 2.42.20 3.4.89 3.4.29	Profit for the year				£54,700,000	. 640	640,300,000
113.9.2.5.0. 113.2.2.9 113.2.2.	lasic weighted av	erage number of ordinary	shares				
1, 34. 990 2.29 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.0	anking for divider	nd during the year			113,942,576	113	362,439
118.307.54. (A) 118.307.54. (A	Nutive effect of it	he weighted average numb	oer .		000 / 76 /		071.00
118.307.564 117.511 107.511	I snare options a	nd incentive plans in issue	during the year		4,364,790	2	377.70
	illuted weighted a hares ranking for	average number of ordinar dividend during the year			118,307,566	115,	760.208
	arnings per ordir	nary'share = basic			48.0p		35.5
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THE PARAGON ORD

15. INTANGIBLE FIXED ASSETS.

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NOTES TO THE ACCOUNTS (continued) FOR THE YEAR TO BE SETEMBER 2004, 14-TANGIBLE FIXED A SSETS

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T. ASSETS SUBJECT TO NON-RECOURSE FINANCE

Prior to its acquisation by the Group teriain Gaissonghaled by Bittampi Money pic Inlow Mortgage Trust, Limited had been sold to companies ulumately beneficially connecting characters that a calculation is formed by the Group is not obligad to support any losses of these companies and reconnection to not these purchases. The Group is not obligad to support any losses of these companies and repayment of principal only to the extent that sufficient funds are generated by the increased providers will receive interest and repayment of principal only to the extent that sufficient funds are generated by the increased providers will receive interest and repayment of principal only to the extent that sufficient funds are generated by the increased providers have been salisted by each companies of the finance providers have been salisted in full The Innance providers have not ecours at the Group in full the Innance providers have not ecours at the Group in any form.

The Croup has an option to calculative mortgages to certain of these companies are generated of times subject to these companies alliely to linance and insurface with assets.

The amounts included within Innestments in the Group balance sheet interspect of these companies are

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Table 1	Loans to customer's Cash at bank and in hand Asset's subject to non-recount Asset backed hank loans Asset backed loan notes Non-recourse finance Non-recourse finance	3
	Loans to customers Cash at trank and in hand Assets subject to non-reco Asset backed bank loans Asset backed bank loans Asset backed loans Asset backed loans Asset backed loans Asset backed loans Asset backed loans Asset backed loans Asset backed loans Asset backed loans Asset backed loans Asset backed loans Asset backed loans Asset backed loans	Ť

rio langer considered to be Personal Pe in the year ended 30 September 2003, the linked presentation shown above included the Group's interest in the assers of Apply Post PD.C. Following changes in the obsersion that command the linked to be set In this year ented 30 September 2003 the linked presentation shown above incluing Azairy Nor TPLC. Pollowing changes in the operations of that company the link appropriate and the assets and labilities of that company are fully chansilisted.

The companies party to these arrangements are:

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NOTES TO THE ACCOUNTS, (continued)
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17. ASSETS, SUBJECT, TO NOW-RECOURSE FINANCE (continued)
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United debits includes primarily, thereat recovable on loans outstanding and movements on provisions against these loans.		outracts amounted to £ 1475m (2003: £1748m)	
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NOTES TO THE ACCOUNTS iconinued: Fig. Investment in subsidiary companies

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Enricipal operating subsidiaries comprise.

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Morigage Trust Limited Baragon Morigages Limited Homeleans (No. 4) PLC Finance for People (No. 4) PLC	2 2	Residential mortgages and asset administration
Paragun Mongages Limited Homeloeins (No. 4) PLC Finance for People (No. 4) PLC	100%	Residential mortgages
Homeloans (No. 4) PLC Finance for People (No. 4) PLC	100%	Residential mongages
Finance for People (No. 4) PLC	- 457	-Residential mortgages
	%7 <i>L</i>	Residential mortgages
Paragon Vehicle Contracts Limited	.,100%	Vehicle fleet management
Paragon Car Finance Limited	100%	Vehicle finance
Paragon Personal Finance Limited		*Unsecured lending
Paragon Mortgages (No. 11 PLC	74%	Residential mortgages
Paragon Mortgages (No. 2) PLC	3,77	Residential mortgages
Paragon Mortgages (No. 3) PLC	%001	Residential mortgages
Paragon Mortgages (No. 4) PLC	. 100%	Residential montgages
Paragon Mortgages (No.5) PLC	100%	Residential mortgages
Paragon Mortgages (No. 6) PLC	1,00%	Residential montgages:
Paragon Mortgages (No. 7) PLC	100%	Residential mortgages
Paragon Mortgages (No. 2) SA	. %001	Residential mortgages
Paragon Mortgages (No. 3) SA	: %001	Residential mortgages
Paragon Third Funding Limited	%001	Residential and commercial mortgages
Paragon Auto and Secured Finance (No. 1) PLC	100%	Loan and vehicle finance
Paragon Personal and Auto Finance (No. 1) PLC	100%	Loan and vehicle finance
Paragon Personal and Auto Finance (No. 2) PLC		Loan and vehicle finance
Subsidiary of Paragon Mortgages Limited		
Paragon Second Funding Limited	100%	Residential mortgages and loan and vehicle finance.
Subsidiaries of Mortgage Trust Limited	1006	Description of the second of t
Mortgage I rust SetWies PLC	%7 <u>L</u>	r residental mortgages.

The issued ghare capital of all subsidiaries consists of ordinary share capital except that lineance for People (No. 1) PLC.
Paragon horitygies (No. 1) PLLC; Pangon Mortgages (No. 2) PLC therefore is the above companies is 30 September.
They are registered and operate in England and Wales except for Pangon Mortgages (No. 1) PLC and Pangon Mortgages.
No. 3) SA which are registered and operate in Luxembourg.
The minority interests in Finance for People (No. 4) PLC: Panagon Mortgages (No. 1) PLC. Panagon Mortgages (No. 2) PLC.
Homeloans (No. 4) PLC, and First Flexible No. 6 PLC are up a material.

NOTES: TO THE ACCOUNTS continued for the Year to a september 2004.

20. QUASI-SUBSIDIARIES

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The arrangements can this transaction shown either accounting to the definition set out in Financial Reporting Scandard 5 - Reporting Standard 5 - Reporting 5 - Reporting Standard 5 - Reporting

21. STOCKS

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		uthorised	75,000,000 (2003: 175,000,000] ordinary shares of 10p eac	Motted and paid-up:	8	
		Authorised	175,000,000 (2003: 175,000,000) ordinary shares of 10p eac	Allotted and paid up:	8	
		Authorised	175,000,000 (2003: 175,000,000) ordinary shares of 10p eac	Altotted and paid-up:	8	
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119 891 708 [2003, 119, 103, 284] ordinary shares of 10p each

During the year 70 1446 ordinary shares (E76,165 par value) were issued for E1,237,255 and a further 26,778 (E2,078 par value) were issued for E1,237,255 and a further 26,778 (E2,078 par squie) were issued for E1,237,255 and a further 26,778 (E2,078 par squie) were issued for E1,237,255 and a further 26,778 (E2,078 par squie) were issued for E1,237,255 and a further 26,778 (E2,078 par squie) were inside under the excitation and the Sharesaye squience in the Sharesaye squ

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As previously reported	919:	. (70.2)		223.0
Prior period adjustment (note 1(r))			0.2	0.2
	4.00	(70.2)	225.8	223.2
Share options exercised	32.42		* * 10.3Is	6.0
Charge for long term incentive plan			100.6	6.0
Retained profit for the year			43.7	<u>ព</u>
Balance at 30 September 2004	889	68.8 [70.2]	270.1	268.7
[8] THE COMPANY	Sivate Sivate SPRENIUM		PROFIT AND OSS ACCOUNT	Agricu.
Balance at 1.0ctober;2003				
As previously reported Prior period adjustment Inote 1(r))	67.6	36-1	138.1	241.8
Reciliation of Investments in subsidiaries	67.6	36.1	138.3	242.0

Revoluation of Investments in Subsidiaries Share polition serviced Charge duplos serviced with a very Charge duplos inerminicative plant 13.7 23.7 23.7 23.7

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		松かのできないないのはあれる					THE REAL PROPERTY OF THE PARTY
		我们不是是不好的人的 人名英格兰人姓氏					一十八日 日本 日本 一大 一十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二十二
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		我们也没有我们是我们的我们的 并以					The same of the sa
		教育的教育 并不是我的人的人的人			の 一人の 一人の 一人の 一人の 一人の 一人の 一人の 一人の 一人の 一人		かいこれに、これはいいというとうことにいいているという
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	At 1 Uctober 2003	Shares purchased	Options exercised:		At 30 September 2004		· 新一个代表,我们就们就们的一个人的一个人的一个人的一个人的,我们也没有一个人的一个人的一个人的一个人的一个人的一个人的一个人的一个人的一个人的一个人的

All of the shares are held in trust for the benefit of employees exercising their options under the Company's share option schedules and awards to their developments of the shares for the shares and shares for the sh

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Anumber of the above options were granted to former employees whose rights terminate at the later of where months to thousang; redundancy of cory, two monitis attentive services whose rights terminate at the later of where months to thousang; redundancy of cory, two monitis attentive services are also as a service of the options.

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condition has not been satisfied on the third anniversary. The conditional entitlements outstanding under this scheme at 30 September 2004 were.

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Deferred Borus Scheme Awards under his streem compares (2003) nill of 10p each are outstanding under the payment and will be subject the resonance of a subject to a conditional company for his or nominal. The conditional entitlements outstanding under this scheme at 30 September 2004 were.

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The States availated will be transferred to be scheme participants as soon as its reasonably proclicable after the transfer date.

a to Pitt Tilling a 💆
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NOTES TO THE ACCOUNTS (Continued) for the Year to as spythesis 2004	マーロック ジー	1, 5, 5, 5, 5	· ā
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The other provisions include committed future lease coals for properties no longer occupied by the Group and cosiss associated with the decision to relocate certain of the operations of Morrigage. Trust to the Group's head office. These provisions are expected to be utilised within fine years.

The liability for deferred taxation for which provision has been made is analysed as follows:

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In addition there are unprovided deferred tax assets of approximative C13 cm (2007-C18.0m). These are predominantly in the Wortgage if first companies accumined in the year ended 90 September. 2008, and will only be available to diset spaints suitable unous proints arising in threate. Companies accompanies accompanies accompanies accompanies accompanies accompanies. The disease are predominantly in the long provided that the configuration of a deferred tax asset in respect of these belatices.

(B) THE COMPANY

Theretis no potential lability or potential as in the holding company either at 30 September 2003 or 30 September 2003.

SA THE PARAGON

28. PENSIONS

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2002	3 50% p.a. 3 30% p.a.	2.30% p.a.	2.30% p.a.	5.40% p.a	
2003	3.50% p.a.	2.50% p.a.	2.50% p.a.	5.40% p.a.	
7007	* 3.75% p.a.	. 2.75% p.a.	2.75% p.a.	5.60% p.a.	
			Jo		
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	Rate of increase in salaries	e of increase indeferred pensions in exce. GMP which receives statutory revaluation	e of increase in pensions in payment in e GMP Which receives statutory increases	Discount rate,	onid dinage with the state of t
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NOTESTOTHE ACCOUNTS (continued) 28. PENSIONS (continued) 10. The Example 2004	A 30 September 2000 A 30 S	7.5% 7.5% 7.5% 4.8% 2.74 4.7% 4.0%	18.3 (32.6)	43	(10.0)	he movement in the defict in the Scheme during the year was as lollows.	Delict in the scheme art Octobel 2003 Movement in year			Deficit in the scheme at 30 September 2004
	In the service of the	133 775% 01 22 4.4% 1.8 4.0% 01	15.5 (12.0)	(6.5)	$\frac{(k,d)}{(k,d)}$	2004, 2003 Em	(5.5)	1.0	(0.1) (7.5)	(14.3

The actual all loss ansing in the year ended 30, september 2004 resulted primarily from the use of updated mortally statistics.

The actual all loss ansing in the year ended 30, september 2004 resulted primarily from the use of updated mortally statistics.

The Groups contribution to the schemic is shown in more 6.71 is agreed; rate of employer contributions during both years was a contribution and ingreed and only provided the contribution of the contribution o

Hooward and

NOTES TO THE ACCOUNTS (continued)

28. PENSIONS (continued)

AMAYSIS OF THE AMOUNT RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES.

If the treatment which will be required by FRSH 1 had been adopted in the preparation of the triannois statements for the year endined supplied to the advanced loss). would have been analysed as follows: gains and losses

CD.	is	(CZ)	2007 2003	me assets. 0.3. 1.3. 1.3. 1.9.		ains and losses. (7.5) (0.3
	Actual return less expected return on pension schöme assets. Experience gains and losses arising or schöme labilities. Changes in assumptions underlying the present value of the scheme liabilities.	Aquartarilloss)/gain	majornior contention owing and codes	Ofference between the expected and actual return on scheme assets Amount (Em) Percentage of scheme assets	Experience gains and losses on scheme Liabilities: Amount (Em) Percendage of the present value of scheme Liabilities	Total amount recognised in statement of lotal recognised gains and losses Amount (Em) Perceptage of the present value of the schemellabulities.

(B) DISCLOSURES MADE, IN ACCORDANCE WITH SSAP 24.

The relevant getueria/adulation of the Group Pension Scheme was completed as a 31 March 2001 using the projected until method is, which date the market view of the Group Pension Scheme was completed as a 31 March 2001 using the projected until method is, which date the market view of the market view of the selection with the annual praveid remain record in meeting used, would be 8% on accumulated assets 6.5% on future contributions, while in valuing pass service benefits a return on investment used, would be used. The annual rate of increase in search while in valuing pass service benefits a return on investment of 5.5% would be used. The annual rate of increase in the salutory mainmum/liabilities in accordance with the fensions Act 1.75%.

(C), DEFINED CONTRIBUTION PENSION-SCHEMES

In addition to the Group Pension Scheme, the Group operates a delined contribution (Istakeholden) pension scheme
Contributions made by the Orougo pick scheme in thin year ended 30 September 2002, wire LOOM (2001, COM). The Group also makes contributions to the personal defined contribution pension arrangements of certain employees. Contributions made the very form where Coom/COOM (2001, COM). The Group also makes contributions were Coom/COOM (2001, COM). The Group also makes contributions by were COOM (2001, COM). The Group also made with the search of the personal defined contribution arrangements of certain employees. Contributions

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PARAGON GROUP OF COMPANIES PLC 61

29. CREDITORS

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	ithin one year	s campanies			ter more than one		
	Amounts falling due within one year Bank loans and overdratts	Amounts owed to Group companies Proposed dividend Corporation lax	Accruals		Amounts falling due after more than one year Asset backed loan notes	Bank Ioans Accruals	
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NOTES TO THE ACCOUNTS continued from the years to as septembers 2004 30. FINANCIAL INSTRUMENTS The Group's operations are financed principally by Uduulity RISK

instruments to hedge interest rate risk arising from fixed extent, by a mixture of share capital, retained earnings and bank borrowings. (Joanno, 72le, asserbacked loan notes and 10 a lesser The Group Issues financial instruments to finance its lending operations and uses derivative financial 🖙

Group's policy that no trading in Inancial instruments shall example debtors prepayments and accruals, anse directly from the Groups operations. lis, and has been throughout the year under review the be undertaken.

rate lending, in addition, various financial instruments, for

instruments are creditrisk, liquidity nak and interestrate, risk. The Board operates through the Asset and Liability. Committee to review and agree policies for managing each policies have remained unchanged throughout the year and The principal risks arising from the Group's financial of these risks and they are summarised below. These since the year end and the position disclosed below is materially similar to that existing throughout the year.

over residential properties in England and Wales, or similar Scottish or Northern Insh securities, Car loans are secured First mortgages and secured loans are secured by charges The Group's business objectives rely or maintaining a high quality customer base and place strong emphasis on good ccedit management both at the time of acquiring of. Underwitting a new loan, where strict lending criteria are applied, and in the collections process.

Despite this security in assessing credit risk, an applicant's ability and propensity to repay the loan remain the overriding factors in the decision to lend. by the financed vehicle

Committee determines which counterparties the Group will. the Group's financial instruments: the Asset and Liability. Inorder to control credit risk relating to counterparties to deal with, establishes limits for each counterparty and monitors compliance with those limits, Enit (2003; Enil) had been drawn down under these facilities.

the purchase of mortgage redraws. At 30 September 2004

sterling revolving credit facilities to fund; where necessary,

risk by matching the maturity profile of the Group's funding to the profile of the assets to be funded. The Group's assets are principally financed by asset backed bannotes issued through the securitisation process. Securitisation substantially reduces the Group's liquidity

generaled by certain of the acquired assets. Interest is loan is repayable only out of cash receipts generated by

> received from borrowers in respect of the underlying assets. There is, no requirement for the Group to make good sinyshortfall out of general funds it is likely that a substantial proportion of these notes will be repaid within time, but such redemptions are limited to the net capital comprising variable and fixed rate mortgages on personal, retail and caf loans, and are redeemable in part from time The asset backed toan hotes are secured on portfolios live years, interest is payable.

on notes decembated in sterling at various rates
between 0.21% and 27,5% above the London Interbank
Offered Rate FLIBORE for three month sterling

on notes denominated in euros at various rates between

backed loan notes: Included Inbank loans at 30 September 2004 is £7,3m [2003: £1.5m] in respect of this arrangement.

origination. Until that point new loans are funded by a bank facility (the 'Warehouse Facility). This is currently provided by a £1,325,0m [2003: £750,0m] committed sterling facility. consartium of banks. £468.5m (2003: E570.5m) is included

Assets are typically securitised within twelve months of

0.21% and 140% above the Euro Interbank Offered Rate. between 0.21% and 1.40% above the London Interbank Offered Rate for three month US dollar products (Dollar - [EURIBOR] for three month euro products, and on notes denominated in US dollars at various

During the year- Group companies issued, £2; 114.8m (2003) *£250.0ml of mortgage backed floating rate notes at par and thil (2003: Ent) of asset backed loating rate notes at para-Betore is acquisition by the Group Mortgage Trust had also obtained thance from the securitisation markets as described in note 17. The sterling notes issued mitteese transactions, which form part of Non-Recourse Finance in assets and bear interest at various rates between 0.125% and 1.80% above LIBOR for three month sterling products these notes:have entered into C215.0m (2003: E215.0m) of It is tikely that a substantial proportion of these notes will It is likely that a substantial proportion of these index with the proportion of these index with the years. The companies which issued these notes have entered into £215.0m it is not \$215.0m it. the Group balance sheet are secured on the underlying.

During the year, two other facilities were also used for this purpose. The C150.0m sterling actility which had been provided to Paragon Third Funding Limited by a conscribing bank loans at 30 September 2003 in respect of drawings on consortium of banks is still in place. £220.0m is included in end the facility remained available for further drawings until 14 November 2004, This was renewed for a further year for of banks was cancelled in the year £42.2m was included in finance in respect of drawings on this facility. This facility is annual basis. Repayment of the toan is due two years after secured on all the assets of Arianty No. 1 PLC. At the year September 2003 £367.9m was included in non-recourse Promogramme acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Popular to other acquaism of Norgoge IT set the Norgoge IT set the Popular to other acquaism of Norgoge IT set the Norgoge I this facility The £225.0m (2003: £450.0m) committed bank loans in respect of drawings on this facility, At 30 a reduced amount and may be further renewed on an sterling facility provided to Arianty No. 1 PLC by a it ceases to available for further drawings. rearsaction is that of a hank loan, sectived on the assers of the portfolio concerned but subordinated to the asser backed toan notes. Payments on this facility are made out of The Goop is party to an arrangement, revised during the year made via the quasic subsidiariles described in note 201 whereby, the Group received monies from a UK bank in return for the right to receive certain future cash flows from a securitised portfolio. The commercial effect of this Included within bank loans at 30 September 2004 is £28.8m Group entered into a bank loan secured against cashflows these assets and there is no further recourse to the Group receipts from borrowers in the same way as for the asset payable on this loan at a rate of 4.35% above UBOR. This

🕯 7|2003 (£45.6m) in respect of this loan? 🖰 🐇

Assets originated by Mortgage Funding Corporation PLC are recourse finance in respect of drawings on this facility. This facility was refinanced in the year and is now is repayable facility is secured on all the assets of that company. This funded by a £55.0m (2003 £155.0m) committed sterling bankifacility, £28.5m (2003; £40.4m) is included in nonon.4. August 2006.

restricted to the amount of principal cash realised from the As with the asset backed loan notes; repayments of all of these facilities; before the final repayment date are 🐇 🐣 funded assets. i. This facility is secured on all the assets of Paragon Second Funding Limited. Paragon Car Finance Limited and Paragon.

Personal Finance Limited. This facility remains available for

in bank toans in respect of drawings on this facility.

provided to Paragon Second Funding Limited by a

further drawings until 28 February 2005 and although it

entines in 70.7 its literal than substantial regardents will be nade within the next fine years.

In addition to these borrowings the Group has a committed corporate syndicated sterling bank facility of (£280 Um (2003) £1557ml:made by Paragon Finance PLC under this facility. repayment on 27 February 2008. The lacilly is secured on salt the assets of the Company and Paragon Finance PLC. A further bank borrowing of £25.0m was arranged during the year ended 30 September 2003 in connection with the included in bank loans are drawings of Enil (2003: £24.8m) This facility was revised in the Year and now falls due for £1750mll used to provide working capital for the Group. acquisition of Mortgage Trust and has now been repaid. The luded in bank toans are drawings of E177.0m (2003) made by the Company under this facility. THE PARAGON OROUP OF COMPANIES PLUS 63

NOTES TO THE ACCOUNTS Continued

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30. FINANCIAL INSTRUMENTS (continued)

Interest on the bank facilities is payable at various rates between 0.23% and 0.70% above LIBOR. The underson these bank facilities is 20 spotember 200, and 30 September 2000 a reset out below.

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INTERESTRATE RISK

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The Group is proted by the maintain floating rate tabilities and match these with floating rate assets hedging fixed rate assets by the use of interest payable on the loon facilities and on asset states the desired floating fixed rate as the protection of the rate of interest rate ways or cap agreements. The interest rate was on the loon facilities and on assets are determined by electronic or interest rate in groups is unding costs and dute rates being charged on similar products in the market. Generally this interest rate remaintening of charges in minigensis facilities the agreement is are used to held or common the market. Generally this interest rate remaintening of charges in minigensis and only the controlled mismacromy on the market general rate of the controlled mismacromy of the decision which in part, the Coups is interest rate religing objectives are extrined by the controlled mismacromy of the decision which is interest rate regular repayments after a promise rate of the controlled mismacromy of the controlled mismacromy of the decision which are regular repayments allocated to the controlled across the time bands in the table by the ference to the contracted frequency and across the time bands in the table by the ference to the contracted resolutions of its look assets in the controlled by representations where the customer is and sorth terminations of its look assets. The decision is executed to be every account of by the decision of the controlled by the controlled by the part of the controlled of the decision of the part of the controlled of the decision of the controlled of the decision of the controlled of the decision of the controlled of the decision of the controlled of the decision of the decision of the decision of the decision of the decision of the decision of the decision of the decision by reference to subsequent customer and management decisions and is expected to be less sensitive, than shown,

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FOR THE YEAR TO 30 SEPTEMBER 2004. 30. FINANCIAL INSTRUMENTS (Continued)

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At 30 September 2003 HESTATED NOTE THE Cash at bank and in hand Invasiments	150.5			Pipeles on the collection of t			8.771 120:2
Assets subject to non-recourse Injurice Non-recourse triance Loans to customers Ones are goodwill*	(2.285.3) (2.285.3) (2.293.6)	40.2	49.7	355.8	3233 136.1	10.5 50.8 (18.8)	2,361.6 [2,285.3] 3,051.3 [18.8]
Total desets	22415	133.1	1718	355.8	7267	29.9	3,421.5
Podisions Bank leans and overdrafts Asset backed loam notes Other leabilities. Shareholders funds	1,010.81					(7.6) (49.2) (1225.3)	7.6 (1.010.8) (2.128.6) (2.42.6) (225.3)
Total liabilities and shareholders funds	[3,139.4]					(282,1)	[3,4215]
Off balance sheet items	873.2	[116.3]	(190.9)	[(522.1)]	3 m l m		
Cumulative gap	(24.7)	16:4)	(27.0)	(193.3)	ty bar	(7777)	

GROUP OF COMPANIES PLC. 67

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NOTES TO THE ACC FOR THE YEARING 30 SEPTEMBER 2004

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR-10 DISETTABLE 2004.

30. FINANCIAL INSTRUMENTS (continued)
The Asset and Labilitik Committee monitoris the interest rate risk exposure on the Group's ton assets and asset backed loan, notes and ensures, compilations with the restriction of the Group's Garantiasions.

Alliderivative confracts are accounted for as heages. Changes in the fair value of instruments used as nedges are not recognised in the financial datements until the heaged position maintes. Set out below is an analysis of these unrecognised operand pares. gains and losses.

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2003, TUTAL NET GAINS/ ILLOSSESI	[25.4]	6.1	(23.5)	9.5	[0.71]	(5.4)	[6.3]	[0:71]
2003 2003 2003 EANS (05555 NIT ANNY) LOSSES (105555 LOSSES) EM ÉM	10.5	641.6	(24.1)	8.3	[18]	[5.6]	0.9	115.81
2003 SAINS EM	9.0		0.6	1.1.1.2 d	1.8	0.9	6.0	E -
2004 TOTAL NET GAINS, (LOSSES)	(0.71)		(11.7)	10.9	(0.8	23	.	. 55, (62) (68) (18 (16.0)
2004 LOSSES	[8:31]	6.2	(12.9]	67 10.9	5.4 [6.2] [0.8]	(1.81) 1	(16)	[6.2]
2004 ; GAINS EM	8	[9,0]	03 × 1.2	7.7	5.4	1. T	κ: 	7.5
	Unrecognised gains and loses on hedges at 1 October 2003	Gains and losses arising in previous years that were recognised in the year.	Gains and losses arising before I October 2003 that were not recognised in the year	Gains and losses arising in the year. That were not recognised in the year.	Unrecognised gains and losses on, hedges at 30 September 2004	Of which Gains and losses expected to be realised in the year to 3.0 September 2005	Gains and losses expected to be realised in the year to 30 September 2006 or later	

CURRENCY MISK
All of the Group sasses and tabilities are denominated in stering with the purplyion of CRP (SINI (2003) E168 Thi Included within Asset Backet Loan) Notes, which is denominated in users and CS4. In (2003) Chill included within Asset Backet Loan Notes, which is denominated in US gotlary. As a condition of the issue on the same notes, interest rate and currency swips were put in place for the duration of the burrowing having the effect of conveniently the liability to a LIBOR linked floating rate stretting by rowing As a result the Gotlag pas normalier at phoson or joining currency risk.

TAIR VALUES OF FINANCIAL ASSETS AND ENANCIAL LABILITIES

FAIR VALUES of FINANCIAL ASSETS AND ENANCIAL LABILITIES

For yourselves have been determined for all derivatives, listed securities and any other. Inancial assets and liabilities for which an extre and diquid market leasts. The late, salves is cashed and in hand, both loans and overdrafts and asset backed loan ones are not makennally different from their book values because all the assets mature within three months of the year and and the invostit rates changed on financial liabilities reset on a qualitativity basis.

Set out below is a comparison by category of book values and fair values of the Group's derivative financial instruments as at .
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THE PARAGON GROUP OF COMPANIES PLC. 69

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NOTES TO THE ACCOUNTS (continued)	32. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED INTHE CASH FLOW STATEMENT 2004 And the second residence of the second residence	(A) CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT. Net decrease / (Increase) in assets subject to mori recourse funding Net increase in loans to Customers. Expanditure on other fixed assets. Proceeds from Sales of other fixed assets.	(B) ACQUISITIONS AND DISPOSALS Purchase of subsidiary undertaking Netoverdiafracquired with subsidiary.	(C) FINANCING
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suivider ESOP scheme share potions from banks and others; ase in non-recourse linarcing LIATION OF NET CASH FLOW TO M LIATION OF WET CASH FLOW TO M Visat increase indebt; to an sing from cash flows the acquired with subsidiany this subsidiany the subsidiany settin in year. Settin in year. Settin in year. Settin in year. Settin in year. Settin in year. Settin in year. Settin in year. Settin in year.	[29] 0.4 1.0 1.633.0 (7.55.0) (7.55.0)	OVEMENT IN NET DEBT	English Con-	21.1 (687.2)	[F085]	[5,1302] [5,1302]
The invalving of the factor of	Our Interview. Exercise of opinios funder ESOP Scheme Exercise of other share opinions increase integers from blanks and others (Decrease) / increase in non-recourse financing	NCLLATION OF NET CASH FLOW TO M		Increase in cash in year. Cash inflow from increase in debt.	Consider that debt arrange in flagging recording. Change in hat debt arrange in from cashillows. Now recourse finance acquired with subsidiary. Leans acquired with subsidiary.	Movement In net debt in year. Netdebt at 11 Getober 2003 Net debt at 30 September 2004.

THE PARAGON GROUP OF

THE PARAGON OROUP OF COMPANIES PLO

34.ANALYSIS OF NET DEBT

2007 2007	172.0	[1,520.3] [4,591.4]	230:5	20 <u>03</u>	1.6 2.2834 (2.212.7) 2.6.9	1.3 (0.4) (53.4) (20.9)	661
CASHIFLOWS	21.5	765.0 25.6 (1,477.0) (687.2)	85.7				
2003 RESTATED NOTE: ILITS	150.5	(2.285.3) (2.56) (3.113.8)	(5,130.2)				
				s with UK banks. NDERTAKING			
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	Cash in hand at bank Overtirans	Non-recurse intance Debt due withmone, year Debt due after one year	Other liquid resources Total	Other (iquid resources comprise, term deposits with UK banks. 35. PURCHASE OF SUBSIDIARY UNDERTAKING	Not assots acquired. *Tangible fixed assets Assets subject to non- Non-recourse finance Leans to customers. Debtors	Cash at bank and in a Provisions (Secondaries) Bank overtrafts Other creditors Negative goodwill.	Satisfied by: Cash
				1 (1) (1) (1) (1) (1) (1) (1) (1) (1) (1			

NOTES TO THE ACCOUNTS FOR THE YEAR TO SO SPITEMBER 2004

36. CAPITAL COMMITMENTS

There were no capital commitments (2003: Critil contracted but not provided foci : *

37. FINANCIAL COMMITMENTS

leases which expire as follows: MINENTS At 30 September 2004 the Group had commitments to make annual payments under operating.

	AND THE PERSON NAMED IN COLUMN	
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Plant and machinery

Between two and fine-years

Over three years.

38. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

On 22 Occiper 2002 the Group disposed of the entire share capital of this subsidiary. NHL Reversions Limited for a consideration of £2.0m pajable in cash. The results of NHL Reversions for the year are not shown as discontinued activities in the Group. accounts as they are immaterial to the results of the Group.

On 15 December 2004 the Group issued (2000 on of Asset Backed Floating Rate Notes through a subsidiary company, Paragon Secured Finance (No. 11 PLC, to refinance existing borrowings. The Notes were denominated in sterting. On 27 October 2006 the Group Issued F1,000,0m of Mortgage Backed Floating Rate Notes through a subsidiary company. Paragon Mortgages (No. 8) PLC, to refinance existing borrowings. The Notes were denominated in starting and euros

72 THE PARAGON GROUP OF COMPANIES PLC.

NOTICE OF ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the sixteenth Annual General Meeting of The Paragon Group of Companies PLC will be held at Butchers' Hall, 87 Bartholomew Close, London EC1A 7EB on 9 February 2005 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

- 1 To receive and consider the Company's Accounts for the year ended 30 September 2004 and the Reports of the Directors and the Auditors.
- 2 To consider and adopt the Report of the Board to the Shareholders on Directors' Remuneration
- To declare a dividend.
- To re-appoint as directors (a) Mr N Keen and (b) Mr C D Newell (both of whom retire under Article 77); and (c) Mr R G Dench (who retires under Article 83).
- To re-appoint Deloitte & Touche LLP as Auditors and to authorise the directors to fix their remuneration.

AS SPECIAL BUSINESS

101 - 101 -

6 THAT the Board be and it is hereby generally and unconditionally authorised (in substitution for all subsisting authorities Ordinary Resolution

To consider and, if thought fit, to pass resolution 6 as an ordinary resolution and resolutions 7 and 8 as special resolutions:

to the extent unused) to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £4,264,200 PROVIDED THAT this authority shall expire previously revoked or varied by the Company in general meetingl save that the Company may before such expiry make an

altot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may

at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (unless

Special Resolutions

- 7 THAT, subject to the passing of resolution 6, the Board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by resolution 6 as if sub-section [1] of Section 89 of the said Act did not apply to any such allotment, PROVIDED THAT this power shall be limited to:
- fixed record date are proportionate las nearly as may bel to the respective numbers of equity securities held by them or exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements of ordinary shareholders and in favour of all holders of any other class of equity security in accordance with the rights (a) the atlotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer in favour are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock attached to such class where the equity securities respectively attributable to the interests of all such persons on a exchange in any territory or any other matter whatsoever); and
 - (b) the allotment fotherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £599,400,

and shall expire upon the renewal of this power or, it earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired."

NOTICE OF ANNUAL GENERAL MEETING (Continued)

- Companies Act 1985 ('the Act') to make one or more market purchases (within the meaning of Section 163(3) of the Act) on the London Stock Exchange PLC of ordinary shares of 10p each in the share capital of the Company ("Ordinary Shares") 'THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the provided that:-
- [a] the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 11,900,000 (representing approximately 10 per cent of the Company's issued ordinary share capitall;
- (b) the minimum price which may be paid for an Ordinary Share is 10p;
- (c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market price shown in the quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be
- [d] untess previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company; and
- prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority. [e] the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts."

By order of the Board

John G Gemmell

Company Secretary

Registered and Head Office:

St Catherine's Court

Herbert Road Solihull West Midlands B91 3QE

15 December 2004

Registered in England No. 2336032

A member entitled to attend and vote at this meeting may appoint a proxy to attend on his behalf and, on a poll, to vote instead of such member. A proxy need not also be a member of the Company. A proxy form is enclosed for use in connection with the meeting. Proxy forms and any power of attorney or other written authority under which they are executed for an office or the proxy form not less than forty-eight hours before the time appointed for the holding of the meeting. The appointment of a notarially certified copy thereoff should be todged with the Registrar of the Company at the address shown on the reverse of proxy will not preclude a shareholder from attending and voting at the meeting.

date of this notice until the date of the meeting and at the place of the meeting from 10.00 a.m. on the date of such meeting business hours on any weekday (Saturdays and public holidays excepted) at the Registered Office of the Company from the The register of directors' interests and copies of directors' service contracts will be available for inspection during normal until the conclusion thereof. The Report and Accounts have been sent to the Company's shareholders.

Biographical details of all directors are provided on pages 12 and 13.



Companies House

- for the record -Company Name

THE PARAGON GROUP OF **COMPANIES PLC**

Company Type **Public Limited Company**

Company Number 2336032 Information extracted from Companies House records on 24th December 2004

363s Annual Return

RECEIVED 2006 JUL 10 P 1:21

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If any details are wrong, strike them through and write the correct details.

in the "Amended details" column.

> Please use black pen and write in capitals.

Section 1: Company details

R	ef; 2336032/09/28	Current details	Amended details
	Registered Office Address If any of the details are wrong, strike them through and fill in the correct details in the "Amended details" column.	St Catherine's Court Herbert Road Solihull West Mids B91 3QE	Address UK Postcode
>	Register of Members If any of the details are wrong, strike them through and fill in the correct details in the 'Amended details" column.	Address where the Register is held Computershare Investor Services Plc Po Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH	Address UK Postcode
>	Register of Debenture Holders any of the details are wrong, strike them through and fill in the correct details in the "Amended details" column.	Not Applicable	Address UK Postcode
>	Principal Business Activities If any of the details are wrong, strike them through and fill in the correct details in the "Amended details" column. Please enter additional principal activity code(s) in "Amended details" column. See notes for guidance for list of activity codes.	SIC Code Description 6522 Other credit granting	SIC CODE Description

	ompany Number - 2336032	Current details	Amended details
>	Director If any of the details for this person are wrong, strike them through and fill in the correct details in the "Amended details" column.	Name Christopher David NEWELL ACA BSC Address Saint Catherines Court Herbert Road Solihull West Midlands B91 3QE	Tick this box if this address is a service address for the beneficiary of a Confidentiality Order granted under section 723E of the Companies Act 1985. Address
		Date of birth 01/05/1960 Nationality British	UK Postcode
	Particulars of a new Director must be notified on form 288a.	Occupation Managing Director	Date of birth / / Nationality Occupation
			Date of change / / Date Christopher David NEWELL ACA BSC ceased to be director (if applicable)
	Director If any of the details for this person are wrong, strike them through and fill in the correct details in the "Amended details" column.	Name Pawan PANDYA Address Old Lodge Farm Westwood Heath Road Westwood Heath Coventry Warwickshire CV4 8AA	Tick this box if this address is a service address for the beneficiary of a Confidentiality Order granted under section 723B of the Companies Act 1985. Address
	Particulars of a new Director must be notified on form 288a.	Date of birth 12/11/1964 Nationality British Occupation Director	UK Postcode

		Issued share capital details 🗈	
>	Please fill in the	Class of Share	Number of shares issued
	details of total share capital by class (eg.	ORDINARY EO.10	120, 301, 843
	ordinary, preference		Aggregate Nominal Value of issued shares
	etc) that has been issued to the		£12,030,184.30
	company's		
	shareholders.	Class of Share	Number of shares issued
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	shares and their	total	Aggregate Nominal Value of issued shares
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			1.2/030/.04.30
_ist	of past and presen	t members (Tick appropriate box)	
>	Please complete the	☐ There were no chan	ges during the period
	required information on	☐ A list of changes is e	
	the attached schedules or in another format		s is enclosed
	agreed by Companies	e e	
	House.		members was received on: 19/01/2004
>	REMEMBER:		

Changes to shareholder particulars or details of shares transferred to be completed each year A full list of shareholders is required with the first and every third Annual Return thereafter List shareholders in alphabetical order or provide an index List joint shareholders consecutively

Section 4B: Details of Former Shareholders

- > Please fill in details of any persons or corporate bodies who have ceased to be shareholders at the date of this return. Also, please give the dates that their shares were transferred.
- Please copy this page if there is not enough space to enter all the company's former shareholders.

	Former shareholders details	Class and number of shares or amount of stock transferred	Date of registration of transfer
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·	UK Postcode		

Company No: 2336032

THE COMPANIES ACT 1985

Public Company Limited by Shares

ORDINARY AND SPECIAL RESOLUTIONS

of

THE PARAGON GROUP OF COMPANIES PLC

(Passed on 9 February 2006)

AT AN ANNUAL GENERAL MEETING of the above named Company, duly convened, and held at 1 Finsbury Avenue, London, EC2M 2PP on 9 February 2006 at 10.30am the following resolutions were passed:

Ordinary Resolutions

- 1. THAT the Board be and it is hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused) to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £4,171,100 PROVIDED THAT this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (unless previously revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
- 2. THAT the rules of the Paragon Matching Share Plan (the "MSP") referred to in the Directors' Report and produced in draft to this meeting and for the purposes of identification, signed by the Chairman, be approved and the directors be authorised to make such modifications to the MSP as they may consider appropriate to take account of the requirements of the UK Listing Authority and best practice and to adopt the MSP as so modified and to do all such acts and things as they may consider appropriate to implement the MSP.
- 3. THAT the rules of the Paragon Performance Share Plan (the "PSP") be amended as summarised in the Directors' Report, the amended rules of which are produced to the meeting and signed by the Chairman for the purposes of identification.

4. THAT the trustees of any employee benefit trust established for the benefit of employees (including directors) and former employees (and their dependants) of the Group be authorised to hold up to 7.5 per cent of the issued share capital of the Company at any time as summarised in the Directors' Report.

Special Resolutions

- 5. THAT, subject to the passing of resolution 6, the Board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by resolution 6 as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment, PROVIDED THAT this power shall be limited to:
 - (a) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders and in favour of all holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of all such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange in any territory or any other matter whatsoever); and
 - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £594,900,

and shall expire upon the renewal of this power or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

- 6. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 ('the Act') to make one or more market purchases (within the meaning of Section 163(3) of the Act) on the London Stock Exchange PLC of ordinary shares of 10p each in the share capital of the Company ('Ordinary Shares') provided that:-
 - (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 11,900,000 (representing approximately 10 per cent of the Company's issued ordinary share capital excluding treasury shares);
 - (b) the minimum price which may be paid for an Ordinary Share is 10p;
 - (c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market price shown in the quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;
 - (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company; and
 - (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.
- 7. THAT the Company's Articles of Association be amended with immediate effect:-
 - (a) by the deletion of the existing Article 146 and the substitution therefor of the following new Article 146:
 - '146. Subject to the provisions of the Companies Acts but without prejudice to any indemnity to which a director may otherwise be entitled:-
 - (i) the Company may indemnify any director of the Company against any liability and may purchase and maintain for any director of the Company insurance against any liability; and

(ii) without prejudice to the generality of (i), above, every director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court, from liability for negligence, default or breach of duty or trust in relation to the affairs of the Company.'

and

(b) by the addition of the following sentence at the end of the existing Article 102:

'The Company may also fund a director's expenditure on defending proceedings as provided in the Companies Acts.'

Company Secretary

OFFERING CIRCULAR



FINANCIAL SERVICES AUTHORITY
UK LISTING Authority
Document Approved
Date: 18 April 2005
Signed: 1

THE PARAGON GROUP OF COMPANIES PLC

(incorporated with limited liability in England and Wales with registered number 02336032)

£120,000,000 7.00 per cent. Callable Subordinated Notes due 2017

Issue price: 99.347 per cent.

The £120,000,000 7.00 per cent. Callable Subordinated Notes due 2017 (the Notes) are issued by The Paragon Group of Companies PLC (the Issuer).

Interest on the Notes is payable from and including 20th April, 2005 (the Closing Date) to but excluding 20th April, 2012 at the rate of 7.00 per cent. per annum, semi-annually in arrear. Thereafter, interest on the Notes is payable at the Reset Rate, semi-annually in arrear, as described under "Terms and Conditions of the Notes — Interest".

The Notes constitute unsecured and subordinated obligations of the Issuer as described under "Terms and Conditions of the Notes - Status and Subordination".

The Issuer may, at its option, redeem all, but not some only, of the Notes on 20th April, 2012 at par. Also, the Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described under "Terms and Conditions of the Notes — Redemption and Purchase". The Notes mature on 20th April, 2017.

Application has been made to the Financial Services Authority in its capacity as competent authority (the UK Listing Authority) under the Financial Services and Markets Act 2000 (the FSMA) for the Notes to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the London Stock Exchange) for the Notes to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List together with admission to the London Stock Exchange's market for listed securities constitute official listing on the London Stock Exchange.

The Notes will initially be represented by a temporary global note in bearer form (the Temporary Global Note), without interest coupons (Coupons), which will be deposited on or about the Closing Date with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System, (Euroclear) and Clearstream Banking, société anonyme (Clearstream, Luxembourg). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (the Permanent Global Note and, together with the Temporary Global Note, the Global Notes), without Coupons, on or after 1st June, 2005 (the Exchange Date), upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Temporary Global Note cannot be collected without such certification of non-US beneficial ownership. Interests in the Permanent Global Note will be exchangeable, in whole but not in part, for definitive Notes in bearer form and in denominations of £1,000, £10,000 and £100,000, each with Coupons attached, only in certain limited circumstances— see "Summary of Provisions relating to the Notes while represented by the Global Notes".

The Royal Bank of Scotland

The date of this Offering Circular is 18th April, 2005

This Offering Circular comprises listing particulars approved by the UK Listing Authority as required by the FSMA prepared for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries (together the Group), and the Notes. A copy of this Offering Circular has been delivered for registration to the Registrar of Companies in England and Wales in accordance with section 83 of the FSMA.

The Issuer accepts responsibility for the information contained in this Offering Circular and to the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the offering or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or The Royal Bank of Scotland plc (the Manager). Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof. This Offering Circular does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or the Manager to subscribe for, or purchase, any of the Notes. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

Neither the Manager nor Citicorp Trustee Company Limited (the Trustee) has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager, the Trustee or either of them as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Notes or their distribution.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Manager that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the Securities Act), and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering, sale and delivery of the Notes and on distribution of this Offering Circular, see "Subscription and Sale" below.

IN CONNECTION WITH THE ISSUE OF THE NOTES, THE ROYAL BANK OF SCOTLAND PLC OR ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE CLOSING DATE. HOWEVER THERE MAY BE NO OBLIGATION ON THE ROYAL BANK OF SCOTLAND PLC OR ANY AGENT OF IT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD AND WILL BE CARRIED OUT IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

All references in this Offering Circular to Sterling and £ refer to pounds sterling.

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TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The £120,000,000 7.00 per cent. Callable Subordinated Notes due 2017 (the Notes, which expression shall in these Terms and Conditions (Conditions), unless the context otherwise requires, include any further notes issued pursuant to Condition 14 (Further Issues) and forming a single series with the Notes) of The Paragon Group of Companies PLC (the Issuer) are constituted by, and have the benefit of, a Trust Deed dated 20th April, 2005 (as modified or supplemented from time to time, the Trust Deed) made between the Issuer and Citicorp Trustee Company Limited as trustee (the Trustee, which expression shall include its successor(s)) as trustee for the holders of the Notes (the Notes of the interest coupons appertaining to the Notes (the Couponholders and the Coupons respectively).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed, the Agency Agreement dated 20th April, 2005 (the Agency Agreement) made between the Issuer, the initial Paying Agents and the Trustee and the Determination Agency Agreement dated 20th April, 2005 (the Determination Agency Agreement) made between the Issuer, the Trustee and the Determination Agent (as defined in Condition 3 (Interest) below) are available for inspection during normal business hours by the Noteholders and the Couponholders at the principal office for the time being of the Trustee, being at the date of issue of the Notes at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of £1,000, £10,000 and £100,000 each with serially numbered Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of another denomination.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee shall (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer and shall not be liable for so treating such bearer.

2. STATUS AND SUBORDINATION

The Notes and the Coupons are direct, unsecured and subordinated obligations of the Issuer and rank pari passu without any preference among themselves. The Notes and the Coupons will rank at least pari passu and rateably with other subordinated obligations of the Issuer from time to time outstanding but will rank ahead of the holders of any subordinated obligations whose claims are or are expressed to rank junior to the Notes and the Coupons.

In the event of the winding up of the Issuer or the appointment of an administrator of the Issuer where the administrator has given notice that he/she intends to declare and distribute a dividend, the claims of the Trustee, the Notcholders and the Couponholders against the Issuer in respect of the Notes and the Coupons will be subordinated to the claims of all unsubordinated creditors of the Issuer in the manner provided in the Trust Deed. In such event, the claims of the Notcholders and the Couponholders against the Issuer will become due and payable and capable of proof in such winding up or such administration, as the case may be, but only to the extent that assets will remain available in such winding up or such administration, as the case may be, after all unsubordinated claims have been satisfied in full or full provision therefor has been made. Accordingly, no payments of amounts due under the

Notes or the Coupons will be made to the Noteholders or the Couponholders following the commencement of the winding up of the Issuer or the giving of such notice by the administrator except where all sums due from the Issuer in respect of all such unsubordinated claims are paid in full or full provision therefor has been made. Any amounts paid to the Trustee in respect of the Notes and Coupons in the winding up of the Issuer or after the giving of such notice by the administrator as aforesaid will be held on trust for distribution in satisfaction of the claims of unsubordinated creditors of the Issuer to the extent (if any) not fully paid and thereafter in or towards payment of the amounts due under the Notes and the Coupons.

Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes or the Coupons and each Noteholder and Couponholder shall, by virtue of being the holder of any Note or Coupon (as the case may be), be deemed to have waived all such rights of set-off, compensation or retention.

3. INTEREST

3.1 Interest Rate and Interest Payment Dates

In respect of the period from and including 20th April, 2005 to but excluding 20th April, 2012 (the Reset Date), the Notes bear interest at the rate of 7.00 per cent. per annum.

In respect of the period from and including the Reset Date to but excluding the Maturity Date (as defined in Condition 5.1 (Redemption at Maturity)), the Notes bear interest at the Reset Rate.

Interest is payable semi-annually in arrear in equal half yearly instalments of £35 each per £1,000 principal amount of Notes on 20th April and 20th October in each year (each an Interest Payment Date). The first payment (representing a full half-year's interest) shall be made on 20th October, 2005.

The Issuer shall cause the Determination Agent to give notice of the Reset Rate determined in accordance with this Condition 3 to be given to the Issuer, the Trustee, the Paying Agents, any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 10 (Notices), the Noteholders as soon as practicable after the Determination Date but in any event not later than the fourth business day thereafter.

The Reset Rate so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of proven or manifest error.

The Trustee shall, if the Determination Agent defaults in its obligation to determine the Reset Rate in accordance with the above provisions, determine the Reset Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition 3), it shall deem fair and reasonable in all the circumstances and such determination shall be deemed to have been made by the Determination Agent and in doing so the Trustee shall be entitled to seek and rely upon advice from any reputable investment bank or other reputable and suitably qualified expert deemed appropriate by the Trustee for the purpose.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3, whether by the Determination Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Determination Agent, the Trustee, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Noteholders, the Couponholders or the Issuer shall attach to the Determination Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 3.

As used in this Condition:

Benchmark Gilt means the United Kingdom government security having a maturity date falling on or about the Maturity Date or (where the Determination Agent advises the Trustee in writing that such stock is not appropriate for such purpose for reasons of illiquidity or otherwise) such other government stock as the Determination Agent, with the advice of the Reference Market Makers and in consultation with the Issuer, may determine to be appropriate;

business day means a day (not being a Saturday or Sunday) on which banks are open for business in London;

Determination Agent means The Royal Bank of Scotland plc, provided that if The Royal Bank of Scotland plc resigns as Determination Agent, or if the Issuer terminates the appointment of the Determination Agent, the Issuer shall forthwith appoint another leading financial institution approved by the Trustee (such approval not to be unreasonably withheld or delayed) to be the Determination Agent and shall provide notice thereof promptly to the Noteholders in accordance with Condition 10 (Notices);

Determination Date means the fifth business day prior to the Reset Date provided that, if it is not possible for any reason to determine the Gross Redemption Yield on such day, the Determination Date shall be postponed to the first business day thereafter on which the Determination Agent determines that it is possible to determine the Gross Redemption Yield;

Gross Redemption Yield means, with respect to the Benchmark Gilt, the gross redemption yield on the Benchmark Gilt, as calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts: Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi Coupon Date" (published 8th June, 1998, as amended or updated from time to time) on an annual compounding basis (and rounded up (if necessary) to four decimal places);

Reference Market Makers means three brokers of gilts or gilt edged market makers selected by the Determination Agent in consultation with the Issuer; and

Reset Rate means the rate per annum determined by the Determination Agent as the aggregate of 2.80 per cent. and the Gross Redemption Yield, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to four decimal places) of the bid and offered prices of such Benchmark Gilt quoted on Reuters Page "DMO/Bench1" (or such other page as may replace it for the purpose of displaying such information) at 3.00 p.m. London time on the Determination Date, provided that if such price does not appear on Reuters Page "DMO/Bench1" on the Determination Date then the price of the Benchmark Gilt shall be determined by the Determination Agent to be the arithmetic average (rounded up (if necessary) to four decimal places) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Market Makers at 3.00 p.m. London time on the Determination Date, in each case on a dealing basis for settlement on the next following dealing day in London.

3.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue (as well after as before any judgment) as provided in the Trust Deed.

3.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full semi-annual interest period, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the Accrual Date) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date multiplied by two.

4. PAYMENTS

4.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

4.2 Method of Payment

Payments will be made by credit or transfer to an account in pounds sterling maintained by the payee with or, at the option of the payee, by a cheque in pounds sterling drawn on, a bank in London.

4.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all unmatured Coupons. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

4.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 6 (Taxation).

4.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 3 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 7 (Prescription)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a pounds sterling account in London as referred to above), is a Business Day in London.

In this Condition, Business Day means, in relation to any place, a day (not being a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

4.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed), at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents and to approve any change in the specified office of any Paying Agent provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which so long as the Notes are admitted to official listing on the London Stock Exchange shall be London or such other place as the UK Listing Authority may approve;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent having its specified office in a Member State of the European Union that does not oblige the Paying Agent to withhold or deduct tax from payments on the Notes pursuant to any law implementing or complying with, or introduced in order to conform to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN

Council meeting of 26th-27th November, 2000, provided that under no circumstances shall the Issuer be obliged to maintain a Paying Agent with a specified office in such a Member State unless at least one Member State of the European Union does not oblige a Paying Agent making payments on the Notes through a specified office in that Member State to so withhold or deduct tax; and

(d) there will at all times be a Paying Agent having its specified office in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any termination or appointment and of any changes in specified offices of the Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 10 (Notices).

5. REDEMPTION AND PURCHASE

5.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 20th April, 2017 (the Maturity Date).

5.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations, or any change in the application or official or generally accepted interpretation of the laws or regulations, of the United Kingdom or any political subdivision or authority thereof or therein having power to tax, which change or amendment becomes effective after 18th April, 2005, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 6 (Taxation); and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 10 (Notices) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

5.3 Redemption at the Option of the Issuer

The Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 10 (Notices); and
- (b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a);

(which notice in paragraph (a) shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on 20th April, 2012 at their principal amount.

5.4 Purchases

The Issuer or any of its Subsidiaries (as defined in the Trust Deed) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

5.5 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be held, reissued or resold.

5.6 Notices Final

Upon the expiry of any notice as is referred to in paragraph 5.2 or 5.3(a) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

TAXATION

6.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (Taxes) imposed or levied by or on behalf of the United Kingdom or any political subdivision or authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some present or former connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) presented for payment in the United Kingdom; or
- (c) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income; or
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another specified office of a Paying Agent in a Member State of the European Union; or
- (f) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 4 (Payments).

6.2 Interpretation

In these Conditions Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 10 (Notices).

6.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

7. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 4 (Payments).

8. EVENTS OF DEFAULT AND ENFORCEMENT

- 8.1 (i) If any of the following events (Events of Default) shall have occurred and be continuing:
 - (a) a default is made for a period of 14 days or more in the payment of any principal or interest in respect of the Notes or any of them; or
 - (b) the winding up of the Issuer is commenced (other than a winding up which has been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders),

the Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject to being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby become, immediately due and repayable at their principal amount together with accrued interest as provided in the Trust Deed. The Trustee may (subject as provided below), following such notice at its discretion and without further notice, institute proceedings in England (but not elsewhere) for the winding up of the Issuer and/or prove in the winding up or administration of the Issuer but may take no other action to enforce the obligations of the Issuer to pay interest and repay the principal amount of the Notes.

- (ii) Without prejudice the preceding paragraph, if the Issuer breaches any of its obligations under the Trust Deed or the Notes (other than any obligation for the payment of any principal or interest in respect of the Notes) then and at any time after the Notes become due and repayable the Trustee may, subject as provided below, at its discretion and without further notice bring such proceedings as it may think fit to enforce the obligation in question. The Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sums representing or measured by reference to principal or interest on the Notes sooner than the same would otherwise have been payable by it.
- (iii) The Trustee shall not be bound to take any such proceedings as are referred to in this Condition 8.1 or any other action under the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction.
- 8.2 No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing, in which case the Noteholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No Noteholder or Couponholder shall be entitled to institute proceedings for the winding up of the Issuer or to prove in any winding up of the Issuer or any administration of the Issuer, unless the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so within a reasonable time and such failure is continuing, or, being able to prove in any winding up of the Issuer or any administration of the Issuer, fails to do so within a reasonable time and such failure is continuing, in which event any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself or herself institute proceedings for the winding up in England (but not elsewhere) of the Issuer and/or prove in any winding up of the Issuer or prove in any administration of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do in respect of the Notes and Coupons.

No remedy (including the exercise of any right of set-off or analogous event) against the Issuer, other than as referred to in this Condition 8 (Events of Default and Enforcement), shall be available to the Trustee or the Noteholders or Couponholders for the recovery of amounts owing in respect of the Notes or Coupons or under the Trust Deed (other than amounts owing in respect of the Trustee's remuneration, costs, expenses and sums due to the Trustee personally).

9. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may, subject to all applicable laws and stock exchange requirements, be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, indemnity and security as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

10. NOTICES

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that publication will normally be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

11. SUBSTITUTION

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed, of any Subsidiary or a Holding Company (each as defined in the Trust Deed) of the Issuer or any Subsidiary of such Holding Company or a Successor in Business (as defined in the Trust Deed) or any Subsidiary of any such Successor in Business, subject to:

- (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (b) certain other conditions set out in the Trust Deed being complied with.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

12.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

12.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree,

without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

12.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 6 (Taxation) and/or any undertaking given in addition to, or in substitution for, Condition 6 (Taxation) pursuant to the Trust Deed.

12.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 10 (Notices).

13. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

13.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

13.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and/or any Holding Company and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking pari passu in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

15. GOVERNING LAW

The Trust Deed, the Notes and the Coupons are governed by, and will be construed in accordance with, English law.

16. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The following is a summary of the provisions to be contained in the Trust Deed which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

1. Exchange

The Notes will initially be represented by the Temporary Global Note which will be deposited on or around the Closing Date with a common depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made in respect of the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Temporary Global Note cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes in bearer form and in denominations of £1,000, £10,000 and £100,000 each only:

- (a) upon the happening of any of the events defined in the Trust Deed as "Events of Default";
- (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no successor or alternative clearing system satisfactory to the Trustee is available; or
- (c) if the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (c) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, Exchange Date means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 1st June, 2005, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the

appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 10 (Notices). Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an Accountholder) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 6 (Taxation)).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Euroclear and Clearstream, Luxembourg

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, amounting to approximately £118,220,400, will be applied by the Issuer for the general corporate purposes of the Group and for any other lawful purpose.

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table sets out the consolidated capitalisation and indebtedness of the Group as at 30th September, 2004 and has been extracted without material adjustment from the audited consolidated financial statements of the Group for the year ended 30th September, 2004.

	As at 30th September, 2004 £m
Authorised share capital	
175,000,000 ordinary shares of 10p each	17.5
Allotted and paid up	
119,891,708 ordinary shares of 10p each	12.0
Share premium account	68.8
Merger reserve	(70.2)
	10.6
Borrowings	
Asset-backed loan notes	3,690.0
Bank loans	902.8
	4,592.8
Total capitalisation and indebtedness	4,603.4

Notes:

- 1. All of the ordinary shares have been fully paid up.
- Since 30th September, 2004 the Issuer has allotted a further 410,135 ordinary shares for cash, fully paid, following the exercise of share options under the Issuer's share option schemes.
- All borrowings are secured and unguaranteed other than £177 million which is both secured and guaranteed by other companies in
 the Group.
- Since 30th September, 2004 additional asset-backed loan notes amounting to £1.3 billion have been issued by subsidiaries of the Issuer and principal repayments of approximately £1.1 billion have been made.
- 5. Save as disclosed above and apart from intra-Group liabilities, neither the Issuer nor any of its subsidiaries had, at the close of business on 30th September, 2004, any loan capital outstanding or created but unissued, any term loans or any other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments, obligations under finance leases or guarantees or other contingent liabilities.
- Save as disclosed above, there has been no material change in the capitalisation, indebtedness, contingent liabilities and guarantees of the Issuer since 30th September, 2004.

DESCRIPTION OF THE ISSUER

Incorporation and status

The Issuer was incorporated in England (registered number 02336032) on 17th January, 1989 as a public limited company under the Companies Act 1985 as 'Giltfind Public Limited Company'. On 28th February, 1989, it changed its name to 'National Home Loans Holdings PLC' and, on 3rd March, 1993, it changed its name again this time to 'The Paragon Group of Companies PLC'.

The Issuer's registered office, which is also its head office, is at St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.

The Issuer's ordinary shares are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange PLC's market for listed securities. The Issuer is the ultimate holding company of the Group and of the principal operating subsidiaries referred to below.

The Paragon Group of Companies PLC

The Paragon Group of Companies PLC ("Paragon") together with its subsidiaries is a centralised, specialist provider of consumer finance. The Group offers mortgage and consumer finance products including mortgage loans, secured personal loans, retail point-of-sale credit and hire purchase finance for cars.

Total advances by the Group during the year ended 30th September, 2004 were £2,124.3 million compared with £1,477.4 million during the previous year. Net loan assets as at 30th September, 2004, inclusive of those held by the off-balance sheet companies managed by Mortgage Trust, were £5,950.9 million. Of these, £5,523.4 million were secured on residential property. During the year ended 30th September, 2004 the Group's consolidated profit before tax was £71.0 million compared with £51.9 million for the previous year.

Principal Operating Subsidiaries

Paragon Mortgages Limited ("PML")

PML lends to landlords in the buy-to-let sector.

PML's target customer is the professional property investor. It seeks to maintain close links with both landlords and intermediaries. PML also provides other related services, such as specialist insurance and legal advice, on an agency basis to supplement the mortgage finance product.

In the past, PML operated in the owner occupied market offering a range of mortgage products common in that market. New lending in that sector has now ceased as PML continues its focus on the specialist needs of landlords. However the historic owner occupied portfolio continues to be managed by the Group.

Mortgage Trust Limited ("MTL")

In June 2003 Paragon acquired Britannic Money PLC (subsequently re-named MTL) from Britannic Assurance Public Limited Company, who had previously acquired the business from First Active plc in 2000.

The acquisition allowed the Group to complement its activities in the professional buy-to-let market with a franchise that would concentrate on a broader range of private landlords.

At the time of acquisition, Britannic Money specialised in both buy-to-let and current account mortgages. The latter was a specialist, flexible, owner occupied mortgage which allowed the borrower to offset their savings against their borrowings. Following acquisition, this product offering was significantly scaled down. The existing portfolio continues to be managed by the Group.

Paragon Personal Finance Limited ("PPF")

PPF primarily originates second charge secured loans. This product was launched in the summer of 1999 utilising the finance broker distribution the Group acquired with the purchase of Universal Credit Limited from Lloyds TSB Bank plc in 1998.

Paragon Car Finance Limited ("PCF")

PCF was established in 1997. Whilst offering a full product range, applications and completions primarily relate to hire purchase activity. PCF offers its products through a variety of distribution sources, including specialist brokers, dealers and corporates. The great majority of lending is done through PCF's dealer base.

PPF trading as Paragon Retail Finance ("PRF")

The Group entered the retail point of sale market in October 2000 as a result of the acquisition of Colonial Finance Limited from the Commonwealth Bank of Australia. PRF is the Group's specialist retail point of sale finance division which focuses on the furniture, floor coverings, curtain and other markets where merchandise is not taken from the store on the day of purchase.

Other portfolios

The National Home Loans Corporation plc ("NHL")

NHL originated the great majority of its mortgages between 1985 and 1991 offering a range of products consistent with other lenders in the market at that time. NHL attracted mortgage lending business primarily through its association with a panel of life assurance companies. A small number of mortgage applications were accepted directly from members of the public or via an approved panel of mortgage brokers. The existing portfolio continues to be managed by the Group.

Unsecured Personal Loans

The Group diversified into unsecured lending initially by organic growth and then more recently, through acquisition. In March 1998 the Group acquired Universal Credit Limited, an unsecured personal finance company. In 2000, the Group acquired Colonial Finance Limited a company that originated unsecured personal loans and retail point of sale loans.

Since 2003 the Group has scaled down its activities in unsecured lending. Existing portfolios continue to be managed by the Group.

Funding

Corporate Debt

The Group has a working capital facility of £280 million provided by a number of key relationship banks. The facility is secured by fixed and floating charges over the assets of the Group other than those over which security has been given in relation to securitisation issues.

Securitisation

Advances to customers are initially funded out of the proceeds of a syndicated bank facility ("warehouse") made available to a special purpose vehicle ("SPV"), which is a subsidiary of Paragon. The assets are held in the warehouse until they reach a level where it becomes cost effective to securitise them in the public debt markets. At this point, the SPV generally sells the assets to a new Paragon subsidiary (each a securitisation vehicle), which funds itself through the public FRN and Eurobond markets with the most senior notes capable of achieving ratings at the AAA level.

To obtain the necessary investment grade ratings, each securitisation vehicle is credit enhanced. Typically this enhancement is provided via the contribution of subordinated loans from other members of the Group. Depending on the assessment of credit quality of the assets backing any particular securitisation, the rating agencies may also require a level of overcollateralisation, meaning an excess of assets when compared to the funding being raised.

Regulation

On 31st October, 2004 the Financial Services Authority became the statutory regulator with respect to first charge residential mortgages. On 14th January, 2005, the Financial Services Authority also became the statutory regulator for the general insurance industry. Although buy-to-let mortgages are outside the scope of the Financial Services Authority's regulation of mortgages, Mortgage Trust Services plc, a member of the Group, successfully applied for authorisation under Part IV of the Financial Services and Markets Act 2000 and obtained permission to carry out mortgage and/or general insurance business which is regulated by the Financial Services Authority.

Directors of the Issuer

The directors of the Issuer, their functions within the Group and their principal activities outside the Group where these are significant with respect to the Group are as follows:

Name	Role	Principal activities outside the Group
Jonathan Perry	Chairman	None
Nigel Terrington	Chief Executive	None
Nicholas Keen	Finance Director	None
John Heron	Director of Mortgages	None
Pawan Pandya	Chief Operating Officer	None
David Beever	Non-executive Director	Chairman of KPMG Corporate Finance, Vice Chairman of London & Continental Railways Limited, non-executive Director of JJB Sports PLC and Volex Group PLC.
Robert Dench	Non-executive Director	Non-executive Director of AXA UK PLC and Clipper Ventures PLC.
Gavin Lickley	Non-executive Director	Chairman of Inexus Group and SAV Credit Limited
Christopher Newell	Non-executive Director	Director of Altium Capital Limited.

The business address of each of the above is St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE.

Recent Developments

On 23rd March, 2005 Paragon released a trading update, an extract from which is set out below.

"The Board expects the results for the six months to 31st March to be in line with market expectations."

The Issuer confirms that the above statement is true as of the date of this Offering Circular.

TAXATION

The comments below are of a general nature and are based on the Issuer's understanding of United Kingdom law and practice. They relate only to the position of persons who are the absolute beneficial owners of their Notes and related Coupons and may not apply to certain classes of person such as dealers. Prospective holders of Coupons and Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction outside the United Kingdom should consult their professional advisers.

There will be no United Kingdom withholding tax in relation to interest payments on the Notes while the Notes continue to be listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange.

Persons in the United Kingdom paying interest to or receiving interest on behalf of another person may be required to provide certain information to the United Kingdom Inland Revenue regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

SUBSCRIPTION AND SALE

The Royal Bank of Scotland plc as the Manager has, pursuant to a Subscription Agreement (the Subscription Agreement) dated 18th April, 2005 made between the Issuer and The Royal Bank of Scotland plc, agreed to subscribe and pay for the Notes at the issue price of 99.347 per cent. of the principal amount of the Notes. The Issuer will pay the Manager a fee of 0.83 per cent. of the principal amount of the Notes. RBS will be entitled to deduct such fee from the issue price. The Issuer will also reimburse the Manager in respect of certain of its expenses, and has agreed to indemnify the Manager against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

The Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of the Notes to listing in accordance with Part VI of the FSMA except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) or the FSMA;
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

General

No action has been taken by the Issuer or the Manager that would, or is intended to, permit a public offer of the Notes or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or

jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

 The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 23rd March, 2005 and by a resolution of a committee of the Board of Directors of the Issuer dated 13th April, 2005.

Listing

2. The admission of the Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). Transactions will normally be effected for settlement in Sterling for delivery on the third business day in London after the date of the transaction. It is expected that official listing will be granted on or about 20th April, 2005 subject only to the issue of the Temporary Global Note. Prior to official listing, dealings will permitted by the London Stock Exchange in accordance with its rules.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg.
 The ISIN for this issue is XS0216276070 and the Common Code is 021627607.

No significant change

4. Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or the Group since 30th September, 2004 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 30th September, 2004.

Litigation

5. Neither the Issuer nor any other member of the Group is, or has been, involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer or the Group.

Accounts

6. The auditors of the Issuer are Deloitte & Touche LLP, Chartered Accountants who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the three financial years ended on 30th September, 2004.

U.S. tax

7. The Notes and Coupons will contain the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Documents

- 8. Copies of the following documents will be available for inspection from the offices of Slaughter and May, One Bunhill Row, London, EC1Y 8YY, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for 14 days from the date this Offering Circular:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 30th September, 2003 and 30th September, 2004. The Issuer currently prepares audited consolidated accounts on an annual basis;
 - (c) the Subscription Agreement; and
 - (d) drafts (subject to modification) of the Trust Deed, the Agency Agreement and the Determination Agency Agreement.

THE ISSUER

The Paragon Group of Companies PLC
St. Catherine's Court
Herbert Road
Solihull
West Midlands B91 3QE

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

PRINCIPAL PAYING AGENT Citibank N.A., London Branch 5 Carmelite Street London EC4Y 0PA

PAYING AGENT Dexia Banque Internationale à Luxembourg, S.A. 69 route d'Esch L-2953, Luxembourg

LEGAL ADVISERS

To the Issuer as to English law Slaughter and May One Bunhill Row London EC1Y 8YY

To the Manager and the Trustee as to English law
Allen & Overy LLP
One New Change
London EC4M 9QQ

AUDITORS

To the Issuer
Deloitte & Touche LLP
Chartered Accountants
Four Brindleyplace
Birmingham B1 2HZ

AUTHORISED ADVISER

The Royal Bank of Scotland plc 135 Bishopsgate London EC2M 3UR



RECEIVED

169(1B

Return by a public company purchasing its own for the record tares for holding in treasury CHW/P000 Pursuant to section 169(1B) of the Companies A Please do not write Please in the Company Number 2336032 For complete use legibly in black type or Company Name in full THE PARAGON bold block lettering PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY Note Class of shares This return **ORDINARY** ORDINARY (ordinary or preference etc) must be delivered to Number of shares 100,000 100,000 the Registrar within a Date(s) shares delivered period of 28 08/06/2005 09/06/2005 to the company days beginning with For each share: the first date on Nominal value £0.10 £0.10 which shares to which it Maximum price paid £4.10 £4.08 relates were delivered Minimum price paid £4.10 £4.08 to the company. Shares placed The aggregate amount paid by the company for the in treasury £_818,000.00 shares to which this return relates was: must be "qualifying Stamp Duty is payable on the aggregate amount at the £ 4,090.00 shares" as rate of 0.5 % rounded up to the nearest multiple of £5 defined by section 162(4) PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO of the SECTION 162C(6) OF THE COMPANIES ACT 1985 Companies Class of shares Act 1985 (ordinary or preference etc) Number of shares Nominal value of each share Date(s) shares delivered to the company **Delete as Signed Date appropriate (**a director/ secretary / administrator / administrative receiver / receiver You do not have to give any contact MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT, information in the box opposite, but if you do, it will help Companies House to HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE contact you if there is a query on the form. Tel 0121 712 2077

The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

This form has been provided free of charge by Companies House.

DX number DX exchange

When you have completed and signed the form and it has been stamped by the Inland Revenue please send it to the Registrar of Companies at:

DX 33050 Cardiff Companies House, Crown Way, Cardiff, CF14 3UZ for companies registered in England and Wales

Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB for companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2

Notes for completion

1. If this return shows that shares have been purchased to be held in treasury, before it is delivered to Companies House the return must be "stamped" by the Inland Revenue Stamp Office to confirm that the appropriate amount of Stamp Duty has been paid. If the return has not been stamped Inland Revenue penalties may apply. The Inland Revenue Stamp Office is located at:

London Stamp Office Ground Floor South West Wing Bush House Strand London WC2B 4QN

Tel: 020 7438 7252/7452

Cheques for Stamp Duty must be made payable to "Inland Revenue - Stamp Duties" and crossed "Not Transferable".

- 2. After this form has been "stamped" and returned to you by the Inland Revenue it must be sent to the Registrar of Companies (addresses overleaf).
- 3. Note: If this return shows that fully paid bonus shares have been placed in treasury (that is, no entry has been made in part A), the form should be sent directly to Companies House.



8	8		2	
Return of Allo	tmen	t o	f Sha	res

- for the record	88(2)
Please complete in typescript, or in bold black capitals. CHWP000	Return of Allotment of Shares
Company Number	2336032
Company name in full	THE PARAGON GROUP OF COMPANIES PLC
Shares allotted (including bonu	us shares):
	From To
Date or period during which	Day Month Year Day Month Year
shares were allotted (If shares were allotted on one date enter that date in the "from" box)	2 3 0 6 2 0 0 5
Class of shares (ordinary or preference etc)	ORDINARY
Number allotted	240000
Nominal value of each share	£0.10
Amount (if any) paid or due on each share (including any share premium)	£2.18
List the names and addresses of the	allottees and the number of shares allotted to each overleaf
If the allotted shares are fully o	or partly paid up otherwise than in cash please state:
% that each share is to be treated as paid up	
Consideration for which the shares were allotted (This information must be supported by the duly stamped contract or by the duly stamped particulars on Form 88(3) if the contract is not in writing)	
	When you have completed and signed the form send it to
Companies House receipt date barcode	the Registrar of Companies at: Companies House, Crown Way, Cardiff CF14 3UZ For companies registered in England and Wales DX 33050 Cardiff For companies registered in England and Wales
This form has been provided free of charge by Companies House.	Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
orm revised 10/03	For companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2

Form revised 10/03

Names and addresses of the allottees (List joint share allotments consecutively)

record.

Shareholder details		Shares and share class allotted		
Name APOLLO NOMINEES LIMITED		Class of shares allotted	Number allotted	
1 FINSBURY AVENUE, LONDON		10P ORDINARY	240,000	
L			L	
UK F	Postcode EC2M2PP	L		
Name		Class of shares allotted	Number allotted	
LAddress		- anotted	anotteu	
<u></u>				
UKF	Postcode			
Name		Class of shares allotted	Number allotted	
LAddress		-	anottod	
nuuress				
			L	
UK F	Postcode LLLLL		L	
Narne		Class of shares	Number	
		allotted	allotted	
Address				
			L	
		-		
UK F	Postcode LLLLLL			
Name		Class of shares allotted	Number allotted	
Address		-		
	······································	.		
	·		L	
UK P	ostcode டடடட டடட		<u> </u>	
Please enter the number of continu	uation sheets (if any) attached to this	form		
gned	D.	te 23 JUNE 2	.005	
- · · · · · · · · · · · · · · · · · · ·	Iministrative receiver / receiver manager / rece		delete as appropriate	
ou do not have to give any contact	MISS EMMA LAPTHORNE PAR	RAGON ST CATHERINE	'S COURT.	
Information in the box opposite but f you do, it will help Companies House to contact you if there is a query on the form. The contact MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COUR HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE Tel 0121 712 2077				
ormation that you give will be	DY number	Tel 0121 712	2011	
CINID IN CORPORATE OF THE MURIL	I LIX DUMPAC	LIX BYCDADAD		



Companies House

--- for the record ----

Please complete in typescript, or in bold black capitals. CHWP000

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100 JUL 10 P 1:21

COMPORATE FINANCE

Return of Allotment of Shares

To

Company Number	2336032		
Company name in full	THE PARAGON GROUP OF COMPANIES PLC		

Shares allotted (including bonus shares):

Date or period during which shares were allotted (If shares were allotted on one date enter that date in the "from" box)

	110	'111		1	U
Day	Month	Year	Day	Month	Year
20	1:12	2101014			

Class of shares (ordinary or preference etc)

Number allotted

Nominal value of each share

% that each share is to be

Amount (if any) paid or due on each share (including any share premium)

ORDINARY	ORDINARY	ORDINARY
24,000	60,000	20,000
£0.10	£0.10	£0.10
E2.18	£1.4750	£1.427

List the names and addresses of the allottees and the number of shares allotted to each overleaf

If the allotted shares are fully or partly paid up otherwise than in cash please state:

treated as paid up	
Consideration for which	•
the shares were allotted	
(This information must be supported by	
the duly stamped contract or by the duly	

Companies House receipt date barcode

stamped particulars on Form 88(3) if the

contract is not in writing)

This form has been provided free of charge by Companies House.

When you have completed and signed the form send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff CF14 3UZ For companies registered in England and Wales

DX 33050 Cardiff

Companies House, 37 Castle Terrace, Edinburgh EH1 2EB For companies registered in Scotland

Form revised 10/03

DX 235 Edinburgh or LP - 4 Edinburgh 2

Names and addresses of the allottees (List joint share allotments consecutively)

record.

Shareholder details Shares		Shares and share	and share class allotted	
Name		Class of shares	Number	
LAPOLLO NOMINERS LIMITED		allotted	allotted	
Address				
, I FINSBURY AVENUE, LON	10001	CRDINARY	104,000	
111024111111111111111111111111111111111		OKDINIKI	107,000	
t			<u> </u>	
UKF	Postcode EC2M2PP	L	L	
Name		Class of shares	Number	
1		allotted	allotted	
Address				
L			L	
L			L	
UKF	Postcode LLLLLL		L	
Name		Class of shares	Number	
		allotted	allotted	
Address				
L		.	<u> </u>	
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Name		Class of shares	Number	
		allotted	allotted	
Address		•		
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			L	
L		.	L	
UK F	Postcode しょしょしょし	L	L	
Name a		Class of shares	Number	
:		allotted	allotted	
Address				
L				
<u> </u>				
UK F	Postcode	L	L	
Please enter the number of continu	uation sheets (if any) attached to this t	form		
	•			
igned	Da	e 28 JUNE 20	005	
· · · · · · · · · · · · · · · · · · ·	Iministrative receiver / receiver manager / recei		delete as appropriate	
A uncolor i secretary Fauthinistrator Fat	Annihou auve receiver meceiver manager / recei	ricase (.c.ctc as appropriate	
ou do not have to give any contact	MISS EMMA LAPTHORI	WE DADAGANI.		
formation in the box opposite but				
you do, it will help Companies ouse to contact you if there is a	ST CATHERINE'S COUR	T, HERBERT ROAD	, SOLIHUL,	
uery on the form. The contact	WEST MIDLANDS, B91	30F, Tel 0121 Th	2 2077	
formation that you give will be	¥		<u> </u>	
isible to searchers of the public	DX number	DX exchange		



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Please complete in typescript, or in bold black capitals.

CORPORATE FINANCE **Annual Return**

CHFP029

Company Number | 2336032

Company Name in f	The Paragon Group of Companies PLC
Date of this return	Day Month Year
The information in this return is made up to	1 9 10 1 11 9 9 8
Date of next return If you wish to make your next return to a date coding the amount of the coding	
to a date earlier than the anniversary of this return please show the date here.	Day Month Year
Companies House will then send a form at the appropriate time.	1 9 10 1 11 9 9 9
Registered Office Show here the address at the date of	St Catherine's Court
this return.	Herbert Road
Any change of registered office Post town	SOLIHULL
must be notified on form 287. County / Region	West Midlands
UK Postcode	B 9 1
Principal business activities	
Show trade classification code number(s) for the principal activity or activities.	L
	L
If the code number cannot be determined,	Holding Company
give a brief description of principal activity.	
Companies House receipt date barcode	When you have completed and signed the form please send it to the Registrar of Companies at:
	Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff for companies registered in England and Wales
Form April 2002	Or Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB for companies registered in Scotland DX 235 Edinburgh Page 1

Register of member				
If the register of members registered office, state her				
	Post town	Redcliffe Way		
	County/Region	BRISTOL UK Postcode B S 9 9 7	N H	
Register of Debentu If there is a register of deb or a duplicate of any such of it, which is not kept at the office, state here where it	enture holders, register or part ne registered		<u> </u>	
Company type				
Public limited company		✓	•	
Private company limited by s	shares			
Private company limited by g share capital	guarantee without			
Private company limited by s	shares exempt under	Please tick the appropriate box		
Private company limited by gunder section 30	guarantee exempt			
Private unlimited company w	vith share capital			
Private unlimited company w	vithout share capital			
Company Secretary		Details of a new company secretary must be notified on form 288a.		
* Voluntary details		Details of a new company secretary must be notified on form 2004.		
(Please photocopy this area to provide details of joint sec-	* Style / Title	Mr		
retaries).	Forename(s)	John Grigor		
address shown is a service address for	Surname	Gemmell		
the beneficiary of a Confidentiality Order granted under section	Address ††	St Catherine's Court		
723B of the Companies Act 1985		Herbert Road		
otherwise, give your usual residential address. In the case	Post town	SOLIHULL		
of a corporation, or Scottish firm, give the	County/ Region	West Midlands UK Postcode B 9 1 2 3	QE	
registered or principal office address	Country	England		
If a partnership give the names and addresses of the partners or the name of the partnership and office address.				

Directors Please list directors in al	phabetical order.	Details of new directors must be notified on form 288a
N	lame * Style / Tit	le ıMr
Directors In the case of a director that	·	Day Month Year
is a corporation or a Scottish firm, the name is the corpo-	Date of Bir	th 2 5 /0 1 /1 9 4 3
rate or firm name.	Forename(s) David Franklin
††Tick this box if the address shown is a service address for	Surnan	ne Banks
the beneficiary of a Confidentiality Order granted under section	Address **	St Catherine's Court
723B of the Companies Act 1985		Herbert Road
otherwise, give your usual residential address. In the case	Post tov	n SOLIHULL
of a corporation, or Scottish firm, give the registered or principal	County / Regio	West Midlands UK Postcode B 9 1
office address	Count	Nationality United States Citizen
	Business occupation	Director
* Voluntary details.		
No Directors In the	lame * Style / Tit	le Professor
case of a director that is a corporation or a	·	Day Month Year
Scottish firm, the name is the corporate or firm name.	Date of Bir	th 0 7 /0 4 / 1 9 4 3
	Forename(s) Andrew David
00.7.00 000.00	Chambers	
the beneficiary of a Confidentiality Order granted under section Address ††		St Catherine's Court
723B of the Companies Act 1985	-	Herbert Road
otherwise, give your usual residential address. In the case	Post tow	n SOLIHULL
of a corporation, or Scottish firm, give the	County / Regio	n West Midlands UK Postcode B 9 1 2 3 Q E

Nationality

British

Country [England

Director

Business occupation

registered or principal office address

Directors Please list directors in alp	habetical order	Details of new directors mus	st be notified on form 288a
	ame * Style / Title	Mr	
Directors In the case of a director that		Day Month Year	
is a corporation or a Scottish firm, the name is the corpo-	Date of Birth	3 1 / 0 1 / 1 9 5	<u>lo</u>
rate or firm name.	Forename(s)	David Alexander	
th Tick this box if the address shown is a service address for	Surname	Hoare	
the beneficiary of a Confidentiality Order granted under section	Address **	St Catherine's Court	
723B of the Companies Act 1985 otherwise, give your		Herbert Road	
usual residential address. In the case	Post town	SOLIHULL	
of a corporation, or Scottish firm, give the registered or principal office address	County / Region	West Midlands	UK Postcode B 9 1 3 Q E
	Country	England	Nationality British
	Business occupation	Director	
* Voluntary details.			
Directors In the	* Style / Title	Mr	
case of a director that is a corporation or a Scottish firm, the name is the corporate or firm name.	Date of Birth	Day Month Year 10 13 / 10 18 / 11 19 13	[8
	Forename(s)	Frederick William	
th Tick this box if the address shown is a service address for	Surname	Hulton	
the beneficiary of a Confidentiality Order granted under section	Address **	St Catherine's Court	
723B of the	L_J	Market Deck	

Herbert Road

Investment Banker

Post town | SOLIHULL

County / Region | | West Midlands

Country |England

Business occupation

Companies Act 1985 otherwise, give your

of a corporation, or Scottish firm, give the registered or principal office address

usual residential address. In the case

UK Postcode B 9 1 3 Q E

British

Nationality

Directors			Details of new directors mus	st be notified o	on form 288a	
Please list directors in a	•					•
	Name	* Style / Title	[Mr			
Directors In the case of a director that			Day Month Year			
is a corporation or a Scottish firm, the name is the corpo- rate or firm name.			[1 [3 /[0 [1 /[1 [9 [5	[8		
††Tick this box if the		Forename(s)	Nicholas			
address shown is a service address for		Surname	Keen			
the beneficiary of a Confidentiality Order granted under section 723B of the		Address ^{††}	St Catherine's Court			
Companies Act 1985 otherwise, give your			Herbert Road			
usual residential address. In the case		Post town	SOLIHULL			
of a corporation, or Scottish firm, give the registered or principal		County / Region	West Midlands	UK Postcoo	ie B 9 1	13 10 E
office address		Country	England	Nationality	British	
	Busi	ness occupation	Director	. ,		

* Voluntary details.						•
Directors In the		* Style / Title	Мг			
case of a director that is a corporation or a			Day Month Year			
Scottish firm, the name is the corporate or firm name.		Date of Birth	0 1 /0 5 /1 9 4	.[1_		
tt Tick this box if the		Forename(s)	Michael John Ruthven			
address shown is a service address for		Surname	Kelly			
the beneficiary of a Confidentiality Order granted under section	П	Address ^{††}	St Catherine's Court			
723B of the Companies Act 1985			Herbert Road			
otherwise, give your usual residential address. In the case		Post town	SOLIHULL		······································	<u> </u>
of a corporation, or Scottish firm, give the registered or principal		County / Region	West Midlands	UK Postcoo	le <u>[B [9 [1 [</u>	[3 [Q [E
office address		Country	IEngland	Nationality	I British	

Business occupation

Director

Directors

Details of new directors must be notified on form 288a

Please list directors in a	alphabeti	ical order.		
	Name	* Style / Title	JMr	
Directors in the case of a director that is a corporation or a	t	Date of Birth	Day Month Year [0 6 / 0 9 / 1 9 3	19
Scottish firm, the name is the corporate or firm name.				<u>. [</u>
††Tick this box if the		Forename(s)	Jonathan Peter Langman	
address shown is a service address for		Surname	Репу	
the beneficiary of a Confidentiality Order granted under section	. 🗆	Address ^{††}	St Catherine's Court	
723E of the Companies Act 1985 otherwise, give your			Herbert Road	
usual residential address. In the case		Post town	SOLIHULL	
of a corporation, or Scottish firm, give the registered or principa		County / Region	West Midlands	UK Postcode B 9 1 3 Q E
office address	•	Country	England	Nationality British
	Busi	ness occupation	Chairman	
' Voluntary details.				
Directors In the	Name	* Style / Title	Mr	
case of a director that is a corporation or a Scottish firm, the name is the corporate or firm name.	İ.	Date of Birth	Day Month Year	<u>[9</u>
		Forename(s)	Nigel Stewart	
the Tick this box if the address shown is a service address for		Surname	Terrington	
he beneficiary of a Confidentiality Order granted under section		Address ^{††}	St Catherine's Court	
723B of the Companies Act 1985			Herbert Road	
otherwise, give your usual residential address. In the case		Post town	SOLIHULL	
of a corporation, or Scottish firm, give the registered or principal		County / Region	West Midlands	UK Postcode B 9 1 3 Q E
office address		Country	England	Nationality British
	Busine	ess occupation	Chief Executive	

Issued share capital

t

Enter details of all the shares in issue at the date of this return.

Class

(e.g. Ordinary/Preference)

Number of shares issued

Aggregate Nominal Value

(i.e Number of shares issued multiplied by nominal value per share, or total amount of stock)

	ORDINARY £0.10	87,8	55,955	£8,785,595.50	
			1	•	
			L		
	LL		L		
	1 1		1		
	<u> </u>		L		
	Totals	87,8	855,955	£8,785,595.50	
	•	_			
List of past and present shareholders (Use attached schedule where appropriate) A full list is required if one was not included with either of the last two	There were no changes in the	he period			
returris.		on i	paper	in another format	
	A list of changes is enclosed	a [
	A full list of shareholders is	enclosed		1	
Certificate	I certify that the information and belief.	given in this ret	turn is tr	ue to the best of my Kn	owledge
Signed	lun		Date	08/07/2005	
Please delete as appropriate.	† a director /secretary				
if you have signed the return send it with the fee to the Registrar of Companies.	This return includes		conti	nuation sheets	
Cheques should be made payable to Companies House.		(enter number	;)		
You do not have to give any contact information in the box opposite but if	Miss Emma Lapthorne, The	Paragon Grou	up of Co	mpanies PLC,	
you do, it will help Companies House to contact you if there is a query on the	St Catherine's Court, Herbe	ert Road, Solihi	ull, West	Midlands, B91 3QE	
form. The contact information that you give will be visible to searchers of the public record.	<u> </u>	Tel 01217	12 2077		
Jabilo (Coota.	DX number	DX exchange	e		



Companies House

for the record

RECEIVED 169(1B)

2006 JUL | 0 □ |: 2 | Return by a public company purchasing its own shares for holding in trea CORPORATE FINANCE

CHWP000

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block

letterina

Company Number

2336032

Company Name in full

THE PARAGON GROUP OF COMPANIES PLC

Please in the : For Inla use onf

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4)

Class of shares (ordinary or preference etc)

Number of shares

Date(s) shares delivered to the company

For each share: Nominal value

Maximum price paid

Minimum price paid

ORDINARY	ORDINARY	ORDINARY
35,778	4,331	109,891
04/07/05	05/07/05	06/07/05

	£0.10	£0.10	£0.10
1	£4.265	£4.26	EH.295
	£4.26	£ W.26	E4.28

The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£642,673.69 £ 3,215.00)

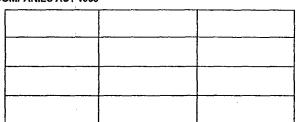


PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company





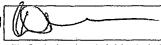
**Delete as appropriate

of the

Companies

Act 1985

Signed



06/07/05 Date

(**a director-/ secretary /-administrator /-administrative receiver-

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

This form has been provided free of charge by Companies House.

MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS, 891 3QE 0121 712 2077 DX number DX exchange

When you have completed and signed the form and it has been stamped by the Inland Revenue please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff for companies registered in England and Wales Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB for companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2



169(1B)

Return by a public company purchasing its own shares for holding in treasury

H١			

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering

Company Number

2336032

Please do not write in the space below. For Inland Revenue use only.

Company Name in full

THE PARAGON GROUP OF COMPANIES PLC

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note: This return must be delivered to the Registrar within a period of 28 days beginning with first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4) of the Companies Act 1985

Class of shares (ordinary or preference etc)	ORDINARY	
Number of shares	50,000	
Date(s) shares delivered to the company	07/07/2005	

For each share: Nominal value

Maximum price paid

Minimum price paid

£0.10	
£4.33	
£4.2825	

The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

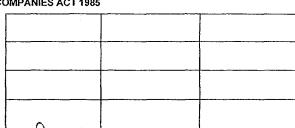
£ 215,056.00 £ 1,080.00

PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company



**Delete as appropriate Signed

Date

(**a director / secretary / administrator / administrative

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

This form has been provided free of charge by Companies House.

MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT,			
HERBERT ROAD, SOLIHU	JLL, WEST MIDLANDS, B91 3QE		
	Tel 0121 712 2077		
DX number	DX exchange		

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Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff for companies registered in England and Wales Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB for companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2



2336032

Please complete in typescript, or in bold black capitals.
CHWP000

Company Number

8	8		2	
		. 4		1

Return of Allotment of Shares

_				
Company name in full	THE PARAGON GROUP OF COMPANIES PLC			
Shares allotted (including bon	us shares):			
(" " "	From	То		
Date or period during which	Day Month Year	Day Month Year		
shares were allotted (If shares were allotted on one date enter that date in the "from" box)	0 2 0 8 2 0 0 5			
Class of shares (ordinary or preference etc)	ORDINARY	-		
Number allotted	150218			
Nominal value of each share	£0.10			
Amount (if any) paid or due on each share (including any share premium)	£1.2064	·		
List the names and addresses of the	allottees and the number of shares allotte	ed to each overleaf		
If the allotted shares are fully o	r partly paid up otherwise than in o	cash please state:		
% that each share is to be treated as paid up				
Consideration for which the shares were allotted (This information must be supported by the duly stamped contract or by the duly stamped particulars on Form 88(3) if the contract is not in writing)				
	When you have completed and s	signed the form send it to		
Companies House receipt date barcode	the Registrar of Companies at: Companies House, Crown Way, Cardiff C For companies registered in England and			
by Companies House.	Companies House, 37 Castle Terrace, Ed			
orm revised 10/03	For companies registered in Scotland	DX 235 Edinburgh or LP - 4 Edinburgl		

Shareholder d	etails	Shares and share	class allotted
Name SEE ATTACHED SCHEDULE		Class of shares allotted	Number allotted
Address	·		.
UK Pos	stcode LLLLLL	L	
lame		Class of shares allotted	Number allotted
ddress			
			L
UK Pos	stcode	<u></u>	
larne		Class of shares allotted	Number allotted
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		_	L
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ame		Class of shares allotted	Number allotted
ddress		-	
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ame		Class of shares	Number
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A director / secretary / administrator / admin	· —		elete as appropriate
u do not have to give any contact	MISS EMMA LAPTHORNE, PAR	RAGON, ST CATHERINE'S	COURT,
ou do, it will help Companies use to contact you if there is a	HERBERT ROAD, SOLIHULL, V	VEST MIDLANDS, B91 3Q	E
ery on the form. The contact ormation that you give will be		Tel 0121 712 2	077
ible to pagrahers of the public	DV number	DV evehence	

record.

MISS EMMA LAPTHO	RNE, PARAGON, ST CATHERINE'S COURT,			
HERBERT ROAD, SO	LIHULL, WEST MIDLANDS, B91 3QE			
Tel 0121 712 2077				
DX number	DX exchange			

Aghdasi 46 Rainsbrook Drive Shirley SOLIHULL West Midlands B90 4TH Essex CM9 8SP nnn Barsley Silverbirch 4 Mell Road Tollesbury MALDON Mest Midlands B90 2AW nnn Boyle 98 Shakespeare Drive Shirley SOLIHULL West Midlands B90 2AW Mest Midlands B90 2AW are Carolan 56 Arden Road Acocks Green BIRMINGHAM B35 9NL Morcs B97 5YS lison Davis 32 Armstrong Drive BIRMINGHAM B36 9NL B1RMINGHAM carolan 56 Crosskey Close Callow Hill REDDITCH Worst Midlands B91 2SR ucy Elwell 15 Crosskey Close Tile Cross SOLIHULL West Midlands B91 2SR ucy Lapthorne 28 Clarewell Avenue SOLIHULL West Midlands B91 3YD Warwickshire CV12 9PE Jones 13 Hemsworth Drive BURIngton BLOWORTH West Midlands B93 3YS TAMWORTH B77 5NN Jones 13 Hemsworth Drive SOLIHULL West Midlands B93 3PS TAMWORTH B77 5NN Moustine Cross off 18 Trustin Crossort Hampton	Title Forenames	Surname	Add1	Add2	Add3	Add4	Class of Shares	Ailotted
Barsley Silverbirch 4 Mell Road Tollesbury MALDON Essex CM9 8SP Bloore 193 Tilehouse Green Lane Knowle SOLIHULL West Midlands B90 2AW Bloore 98 Shakespeare Drive Shirihey SOLIHULL West Midlands B90 2AW Chapman 28 Underwood Close Callow Hill REDDITCH Worcs B97 5YS Davis 32 Armstrong Drive BIRMINGHAM B36 9NL Worcs B97 5YS Eden 5 Crosskey Close Tile Cross Solihull Worcs B97 5YS Elwell 15 Framefield Drive SOLIHULL West Midlands B91 2SR Warwickshire CV12 9PE Jones 13 Hernsworth Drive Bulkington West Midlands B91 3YD Warwickshire CV12 9PE Mougis 17 Sandbarn Close Shirley SOLIHULL West Midlands B90 4TQ West Midlands B92 9QQ Robinson 4 Merganser SOLIHULL West Midlands B93 9PS TAMWORTH B77 5NN Robinson 4 Merganser SOLIHULL West Midlands B90 3PS TAMWORTH B77 SNN Rogers 197 Longmore Road Shirley SOLIHULL West M	Adib	Aghdasi		SOLIHULL	West Midlands B90 4TH		10p Ordinary	13987
Bloore 193 Tilehouse Green Lane Knowle SOLIHULL West Midlands B93 9EB Boyle 98 Shakespeare Drive Shirley SOLIHULL West Midlands B90 2AW Carolan 56 Arden Road Accoks Green BIRMINGHAM B27 6AQ Carolan 28 Underwood Close Callow Hill B27 6AQ Davis 32 Armstrong Drive Tile Cross Solifikuli Eden 5 Crosskey Close Tile Cross Solifikuli Bukington Bukington BEDWORTH Warwickshire CV12 9PE A Lapthorne 28 Clarewell Avenue SOLIHULL West Midlands B91 3YB Manns 10 Langley Road DROITWICH Words WR9 7RW Moudis 17 Sandbarn Close Shirley SOLIHULL West Midlands B93 9PS Robinson 63 Langfield Road Knowle SOLIHULL West Midlands B93 9PS Robinson 4 Merganser Hampton Coppice West Midlands B93 9PS Robinson 4 Merganser Gloucester Road Thombury TAMWORTH B77 5NN Robert 197 Longmore Road Shirley G	Martin John	Barsley	Silverbirch	4 Mell Road Tollesbury		Essex CM9 8SP	10p Ordinary	1678
Boyle 98 Shakespeare Drive Shirley SOLIHULL West Midlands B90 2AW Carolan 56 Arden Road Acocks Green BIRMINGHAM B27 6AQ Carolan 28 Underwood Close Callow Hill REDDITCH Worcs B97 5YS Eden 5 Crosskey Close Tile Cross Solifukl BIRMINGHAM B33 0NE Eden 5 Crosskey Close Tile Cross Solifukl BIRMINGHAM B33 0NE Jones 13 Hemsworth Drive BUlkington West Midlands B91 2SR Warwickshire CV12 9PE Abones 13 Hemsworth Drive BULKINGTH West Midlands B91 3VD Warwickshire CV12 9PE Manns 10 Langley Road DROITWICH Worst Midlands B91 3VD West Midlands B91 3VD Mougis 17 Sandbarn Close Shirley SOLIHULL West Midlands B91 3VD West Midlands B92 9CQ Robinson 31 Langfield Road Knowle SOLIHULL West Midlands B93 9PS TAMWORTH B77 5NN Robinson 4 Merganser Amort Hill West Midlands B93 3PS TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West M	Karen Jane	Bloore	193 Tilehouse Green Lane	Knowle	SOLIHULL	West Midlands B93 9EB	10p Ordinary	8392
Carolan 56 Arden Road Acocks Green BIRMINGHAM B27 6AQ Chapman 28 Underwood Close Callow Hill REDDITCH Worcs 897 5YS Davis 32 Armstrong Drive BIRMINGHAM B36 9NL Worcs 897 5YS Eden 5 Crosskey Close Tile Cross Solihull BIRMINGHAM B33 0NE Eden 5 Crosskey Close Tile Cross Solihull BIRMINGHAM B33 0NE Jones 13 Hemsworth Drive Bulkington Belkington BelRMINGHAM B33 0NE A Lapthorne 28 Clarewell Avenue SOLIHULL West Midlands B91 2SR Warwickshire CV12 9PE Manns 10 Langley Road DROITWICH Woest Midlands B90 4TQ West Midlands B90 4TQ West Midlands B90 4TQ Murray 2 Alderhithe Grove Little Aston Park SULHULL West Midlands B92 9QQ Robinson 63 Langfield Road Knowle SOLIHULL West Midlands B93 9PS TAMWORTH B77 5NN Robinson 4 Merganser Manor Hill Wilnecote Thombury BR3 0LH Rospech 192 Longmore Road Shirley SOLIHULL	Paul Anthony	Boyle	98 Shakespeare Drive Shirley	SOLIHULL	West Midlands B90 2AW		10p Ordinary	13987
Chapman 28 Underwood Close Callow Hill REDDITCH Worcs B97 5YS Davis 32 Armstrong Drive BIRMINGHAM B36 9NL B1RMINGHAM B33 0NE Eden 5 Crosskey Close Tile Cross Solihull BIRMINGHAM B33 0NE Elwell 15 Framefield Drive SOLIHULL West Midlands B91 2SR Warwickshire CV12 9PE Jones 13 Hemsworth Drive Bulkington BURINIGHAM B33 0NE Warwickshire CV12 9PE A Lapthorne 28 Clarewell Avenue SOLIHULL West Midlands B91 2SR Warwickshire CV12 9PE A Lapthorne 28 Clarewell Avenue SOLIHULL West Midlands B90 4TQ Warwickshire CV12 9PE Murray 2 Adderhithe Grove Little Aston Park SULTON COLDFIELD West Midlands B92 9QQ Robinson 4 Merganser Hampton Coppice SOLIHULL West Midlands B93 9PS Robinson 4 Merganser Manor Hill Williands B93 9PS TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN TAMWORTH B77 SNN Reach 245 Haunch Lane BIRMINGHAM<	Helen Clare	Carolan	56 Arden Road	Acocks Green	BIRMINGHAM	B27 6AQ	10p Ordinary	8392
Davis 32 Armstrong Drive BIRMINGHAM B36 9NL Eden 5 Crosskey Close Tile Cross Solihull BIRMINGHAM B33 0NE Elwell 15 Framefield Drive Tile Cross SOLIHULL West Midlands B91 2SR Jones 13 Hemsworth Drive Bulkington BEDWORTH Warwickshire CV12 9PE A Lapthorne 28 Clarewell Avenue SOLIHULL West Midlands B91 3VP Warwickshire CV12 9PE Murray 10 Langiely Road DROITWICH Worcs WF9 7RW West Midlands B90 4TQ Murray 2 Alderhithe Grove Little Aston Park SULTYON COLDFIELD West Midlands B92 9QQ Robinson 63 Langfield Road Knowle SOLIHULL West Midlands B93 9PS TAMWORTH B77 5NN Robinson 4 Merganser Manor Hill Wilinecote TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN TAMWORTH B77 5NN Read 245 Haunch Lane BIRMINGHAM BRAS 8TB BRAS 8TB Robb 7 Farlight Drive Bant Green SOLIHULL Webb	Jessica Fiona	Chapman	28 Underwood Close	Callow Hill	REDDITCH	Worcs B97 5YS	10p Ordinary	13987
Eden 5 Crosskey Close Tile Cross Solihull BIRMINGHAM B33 ONE Bukington Jones 13 Hemsworth Drive Bukington BEDWORTH Worst Midlands B91 2SR West Midlands B91 2SR Warwickshire CV12 9PE West Midlands B91 3YD Warwickshire CV12 9PE Warst Midlands B91 3YD Warwickshire CV12 9PE Worst Wf91 3YD Warwickshire CV12 9PE Worst Wf91 3YD Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE Warwickshire CV12 9PE West Midlands B90 3YD West Midlands B92 9CQ West Midlands B92 9CQ West Midlands B93 9PS TAMWORTH B77 5NN West Midlands B90 3EN BRANINGHAM B13 0PL West Midlands B93 3PS TAMWORTH B77 5NN West Midlands B90 3EN Webb TFarlight Drive Shirley Williams Williams Williams SOLIHULL West Midlands B93 3PS TAMWORTH B77 5NN West Midlands B90 3EN West	s Jayne Allison	Davis	32 Armstrong Drive	BIRMINGHAM	B36 9NL		10p Ordinary	1119
Elwell 15 Framefield Drive SOLIHULL West Midlands B91 2SR Jones 13 Hemsworth Drive Bulkington BEDWORTH Warwickshire CV12 9PE A Lapthorne 28 Clarewell Avenue SOLIHULL West Midlands B91 3YD Warwickshire CV12 9PE Manns 10 Langley Road DROITWICH Worcs WR9 7RW Worcs WR9 7RW Mougis 17 Sandbarn Close Shirley SOLIHULL West Midlands B90 4TQ West Midlands B90 4TQ Riopedre 18 Trustin Crescent Hampton Coppice SOLIHULL West Midlands B92 9QQ Robinson 63 Langfield Road Knowle SOLIHULL West Midlands B93 9PS TAMWORTH B77 5NN Robinson 4 Merganser Manor Hill Willecote TAMWORTH B77 5NN Robinson 4 Merganser BIRMINGHAM B13 0PL Robinson 4 Merganser BIRMINGHAM B13 0PL Robinson 4 Merganser BIRMINGHAM B13 0PL Robinson 4 Fairlight Drive Barnt Green BRASTOL BS35 1BE Robb 7 Fairlight Drive Barnt Green SOLIHULL	Rose Hannah	Eden	5 Crosskey Close	$\overline{}$	Solihull	BIRMINGHAM B33 ONE	10p Ordinary	1119
Jones 13 Hemsworth Drive Bulkington BEDWORTH Warwickshire CV12 9PE SOLIHULL West Midlands B91 3YD Manns 10 Langley Road DROITWICH Worcs WR9 7RW Moughs 17 Sandbarn Close Shirley SOLIHULL West Midlands B90 4TQ West Midlands B74 3BN Robinson 63 Langfield Road Knowle SOLIHULL West Midlands B93 9PS Robinson 63 Langfield Road Knowle SOLIHULL West Midlands B93 9PS Robinson A Merganser Manor Hill Wilnecote West Midlands B93 9PS TAMWORTH B77 5NN West Midlands B90 3EN Spratt 18 Beech Acres Gloucester Road Trenthor Brilliams 11 Mappleborough Road Shirley Shirley SoliHULL Shrahm B18 Millen Barnt Green Shirley Shirley Shirley Shirley Shirley SoliHULL West Midlands B90 1AG Shirley Sh	Evelyn Lucy	Elwell	15 Framefield Drive	SOLIHULL	West Midlands B91 2SR		10p Ordinary	2797
Nanns 10 Langley Road DROITWICH Worcs WR9 7RW Mougis 17 Sandbarn Close Shirley SOLIHULL West Midlands B90 4TQ Murray 2 Alderhithe Grove Little Aston Park Robinson 63 Langfield Road Knowle SOLIHULL West Midlands B93 9PS Robinson 4 Merganser Manor Hill Wilnecote Nativity Saed 245 Haunch Lane BIRMINGHAM B13 0PL Spratt 18 Beech Acres Gloucester Road Trenthout Barn Green Shirley Shirl	Amanda	Jones	13 Hemsworth Drive	Bulkington	BEDWORTH	Warwickshire CV12 9PE	10p Ordinary	1398
Manns 10 Langley Road DROITWICH Worcs WR9 7RW Mougis 17 Sandbarn Close Shirley SOLIHULL West Midlands B90 4TQ Murray 2 Alderhithe Grove Little Aston Park SUTTON COLDFIELD West Midlands B74 3BN Riopedre 18 Trustin Crescent Hampton Coppice SOLIHULL West Midlands B93 9PS Robinson 43 Langfield Road Knowle SOLIHULL West Midlands B93 9PS TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN BRISTOL BS35 1BE Robb 7 Fairlight Drive Brant Green BRAMINGHAM B45 8TB Williams 11 Mappleborough Road Shirley SOLIHULL West Midlands B90 1AG	Brenda Carolyn A	Lapthorne	28 Clarewell Avenue	SOLIHULL	West Midlands B91 3YD		10p Ordinary	1678
Mougis 17 Sandbarn Close Shirley SOLIHULL West Midlands B90 4TQ Murray 2 Alderhithe Grove Little Aston Park SUTTON COLDFIELD West Midlands B74 3BN Riopedre 18 Trustin Crescent Hampton Coppice SOLIHULL West Midlands B93 9PS Robinson 4 Merganser Manor Hill Winnecote TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN Saed 245 Haunch Lane BIRMINGHAM B13 0PL Roprat 18 Beech Acres Gloucester Road Thornbury B45 8TB Webb 7 Fairlight Drive Shirley SOLIHULL West Midlands B90 1AG	David Martin	Manns	10 Langley Road	DROITWICH	Worcs WR9 7RW		10p Ordinary	6714
Murray 2 Alderhithe Grove Little Aston Park SUTTON COLDFIELD West Midlands B74 3BN Riopedre 18 Trustin Crescent Hampton Coppice SOLIHULL West Midlands B92 9QQ Robinson 63 Langfield Road Knowle SOLIHULL West Midlands B93 9PS Robinson 4 Merganser Manor Hill Wiinecote To West Midlands B93 9PS TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN BRISTOL BS35 1BE Brant Green BIRMINGHAM B45 8TB Webb 7 Fairlight Drive Bant Green SOLIHULL West Midlands B90 1AG	Peter Petrou	Mougis	17 Sandbarn Close Shirley	SOLIHULL	West Midlands B90 4TQ		10p Ordinary	1119
Riopedre 18 Trustin Crescent Hampton Coppice SOLIHULL West Midlands B93 9PS Robinson 4 Merganser Manor Hill Winecote TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN Saed 245 Haunch Lane BIRMINGHAM B13 0PL Robb 7 Farlight Drive Bant Green Thornbury B45 8TB Webb 7 Farlight Drive Shirley SOLIHULL West Midlands B90 1AG	s Kim	Murray	2 Alderhithe Grove	Little Aston Park	SUTTON COLDFIELD	West Midlands B74 3BN	10p Ordinary	13987
Robinson 63 Langfield Road Knowle SOLIHULL West Midlands B93 9PS TAMWORTH B77 5NN Robinson 4 Merganser Manor Hill Wilnecote TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN Saeed 245 Haunch Lane BIRMINGHAM B13 0PL Respondent Acres Gloucester Road Thornbury BRISTOL BS35 1BE Webb 7 Farlight Drive Bant Green SIRMINGHAM B45 8TB Williams 11 Mapplebrorugh Road Shirley SOLIHULL West Midlands B90 1AG	Mary	Riopedre	18 Trustin Crescent	Hampton Coppice	SOLIHULL	West Midlands B92 9QQ	10p Ordinary	5595
Robinson 4 Merganser Manor Hill Willine TAMWORTH B77 5NN Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN Saeed 245 Haunch Lane BIRMINGHAM B13 0PL Ie Spratt 18 Beech Acres Gloucester Road Thombury BRISTOL BS35 1BE Webb 7 Fairlight Drive Barnt Green SOLIHULL West Midlands B90 1AG	Colette	Robinson	63 Langfield Road Knowle	SOLIHULL	West Midlands B93 9PS		10p Ordinary	2238
Rogers 197 Longmore Road Shirley SOLIHULL West Midlands B90 3EN Saeed 245 Haunch Lane BIRMINGHAM B13 0PL Spratt 18 Beech Acres Gloucester Road Thombury BRISTOL BS35 1BE Webb 7 Fairlight Drive Barnt Green BIRMINGHAM B45 8TB Williams 11 Mappleborough Road Shirley SOLIHULL West Midlands B90 1AG	Gail Mary	Robinson	4 Merganser	Manor Hill	Wilnecote	TAMWORTH B77 5NN	10p Ordinary	2797
Saeed 245 Haunch Lane BIRMINGHAM B13 0PL Spratt 18 Beech Acres Gloucester Road Thombury BRISTOL BS35 1BE Webb 7 Fairlight Drive Barnt Green BIRMINGHAM B45 8TB Williams 11 Mappleborough Road Shirley SOLIHULL West Midlands B90 1AG	. Lorraine M	Rogers	ğ	SOLHULL	West Midlands B90 3EN		10p Ordinary	1678
le Spratt 18 Beech Acres Gloucester Road Thombury BRISTOL BS35 1BE Webb 7 Fairlight Drive Barnt Green BIRMINGHAM B45 8TB Williams 11 Mappleborough Road Shirley SOLIHULL West Midlands B90 1AG	lmran	Saeed	245 Haunch Lane	BIRMINGHAM	B13 0PL		10p Ordinary	5595
John Michael Webb 7 Fairlight Drive Barnt Green BIRMINGHAM B45 8TB Lorraine Williams 11 Mappleborough Road Shirley SOLIHULL West Midlands B90 1AG	Bernard George	Spratt	18 Beech Acres	Gloucester Road	Thornbury	BRISTOL BS35 1BE	10p Ordinary	13987
Lorraine Williams 11 Mappleborough Road Shirley SOLIHULL West Midlands B90 1AG	John Michael	Webb	7 Fairlight Drive	Barnt Green	BIRMINGHAM	B45 8TB	10p Ordinary	13987
	Lorraine	Williams	11 Mappleborough Road	Shirley	SOLIHULL	West Midlands B90 1AG	10p Ordinary	13987

150218



for the record ---

RECEIVED

2006 JUL 10 P 1:21

OFFICE OF INTERNATION CORPORATE FINALIST

Return of Allotment of Shares

Please complete in typescript, or in bold black capitals. CHWP000

Company Number

Company name in full

•	
2336032	

THE PARAGON GROUP OF COMPANIES PLC

Shares allotted (including bonus s	hares):			
	From			То
Date or period during which	Day Month	Year	Day M	onth Year
shares were allotted (If shares were allotted on one date	018 018 210	01015	. T	
enter that date in the "from" box)	010101012	ا لكات		
		<u> </u>		
Class of shares (ordinary or preference etc)	ORDINARY		Ì	•
Number allotted	20.000			
Number anotted	30,000			·
Nominal value of each share	£0.10			
Normal value of each chare	7,0110			
Amount (if any) paid or due on each	£1.475			
share (including any share premium)				
List the names and addresses of the allot	tees and the number of	shares allotted	to each c	verleaf
If the allotted shares are fully or pa	rtly paid up otherwi	se than in ca	sh plea	se state:
% that each share is to be				
treated as paid up				
				
Consideration for which the shares were allotted				
(This information must be supported by				
the duly stamped contract or by the duly stamped particulars on Form 88(3) if the				
contract is not in writing)				
	hen you have comp	leted and si	gned the	e form send it to

Companies House receipt date barcode

This form has been provided free of charge by Companies House.

the Registrar of Companies at:

Companies House, Crown Way, Cardiff CF14 3UZ For companies registered in England and Wales

DX 33050 Cardiff

Companies House, 37 Castle Terrace, Edinburgh EH1 2EB For companies registered in Scotland

Form revised 10/03

DX 235 Edinburgh or LP - 4 Edinburgh 2

Names and addresses of the allottees (List joint share allotments consecutively)

Shareholder	details	Shares and share	class allotted
Name APOLLO NOMINEES LIMIT	TED	Class of shares allotted	Number allotted
Address			
LI FINSBURY AVENUE, L	LONDON	ORDINARY	30,000
L		_	L
UK P	ostcode EC2M2PP	L	<u> </u>
Name		Class of shares allotted	Number allotted
Address		-	
		_	L
UK P	ostcode	_ L	<u> </u>
Name		Class of shares allotted	Number allotted
Acidress		-	
			<u> </u>
UK P	ostcode		L
Name		Class of shares	Number
		allotted	allotted
Address			•
		_	L
UK P	ostcode LLLLLL		
Name		Class of shares allotted	Number allotted
Address			
			<u> </u>
		.	
UK Pe	ostcode		
Please enter the number of continu	ation sheets (if any) attached to this	form	
gned	Da	ate 8 AUGUST 20	005
A-director / secretary /-administrator /-adi	<u> </u>		delete as appropriate
ou do not have to give any contact	04.00 5	^	
formation in the box opposite but	MISS EMMA LAPTHOR	NE, PARAGON,	
you do, it will help Companies puse to contact you if there is a	ST CATHELINE'S COUR	T, HERBERT ROAD,	SOLIHUU,
ery on the form. The contact	WEST MIDLANDS, B91 &	30E Tel 0121	712 2077
formation that you give will be	DV number	DV evehage	

record.

MISS EMMA LAPTHO	DRNE, F	PARAGON,	
ST CATHELINE'S COL	LRT, HEA	RBERT ROAD, SOLIHUU	1
WEST MIDLANDS, B9	130E	Tel 0121 712 2077	
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Companies House

--- for the record ---

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JUL 10 ₱ 1:21 ICE OF INTERNATIONAL

CAPORATEFINANCE

Return of Allotment of Shares

Please complete in typescript, or in bold black capitals. CHWP000

Company Number

Company name in full

THE PARAGON GROUP OF COMPANIES PLC

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1	
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Shares allotted (including bonus shares):

Date or period during which shares were allotted (If shares were allotted on one date enter that date in the "from" box)

	Fro	m		То
Day	Month	Year	Day Mont	h Year
0 9	0 8	2,0,0,5		

Class of shares (ordinary or preference etc)

Number allotted

Nominal value of each share

Amount (if any) paid or due on each share (including any share premium)

ORDINARY	
23497	
£0.10	
£1.2064	

List the names and addresses of the allottees and the number of shares allotted to each overleaf

If the allotted shares are fully or partly paid up otherwise than in cash please state:

% that each share is to be treated as paid up

Consideration for which the shares were allotted (This information must be supported by the duly stamped contract or by the duly stamped particulars on Form 88(3) if the contract is not in writing)

When you have completed and signed the form send it to

Companies House receipt date barcode

the Registrar of Companies at: Companies House, Crown Way, Cardiff CF14 3UZ For companies registered in England and Wales

DX 33050 Cardiff

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Form revised 10/03

DX 235 Edinburgh or LP - 4 Edinburgh 2

Names and addresses of the allottees (List joint share allotments consecutively)

record.

Shareholder	Shares and share class allotted		
Name SEE ATTACHED SCHEDULE	· · · · · · · · · · · · · · · · · · ·	Class of shares	Number allotted

Address			
L		_	l
<u></u>		_	<u> </u>
UK P	ostcode LLLLLLL	L	L
Name		Class of shares	Number
L		allotted	allotted [*]
Address			
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		_	L
UKP	ostcode	L	L
Name		Class of shares	Number
L		allotted	allotted
Address			
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1117			
UK P	ostcode		
Name	i	Class of shares	Number
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UKF	ostcode LLLLLL		
Varne		Class of shares	Number
	····	allotted	allotted
Address			
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ONPO	ostcode LLLLLL		
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formation in the box opposite but	MISS EMMA LAPTHORNE, PAI	RAGON, ST CATHERINE'	S COURT,
you do, it will help Companies ouse to contact you if there is a	HERBERT ROAD, SOLIHULL, \	WEST MIDLANDS, B91 30	QE .
puse to contact you if there is a lery on the form. The contact		Tel 0121 712 2	2077
formation that you give will be			
sible to searchers of the public	DX number	DX exchange	

The Paragon Group of Companies Plc Full Exercise for allotment 08.08.2005

			_								-		
		ALLOTTED		8307	2660	9511		2707	1014	2797		10700	78487
		CLASS OF SHARES		10p Ordinary	(101110)	10p Ordinary		10p Crdinary		10p Ordinary			
					1,100	B17 0SY			00000	870 3KB			
			101-101	west Midlands B90 1DP	DIDMINICITARA	MALDAIMED	4 B27 7 ID	JC / 720	DIDMINICIPAN	INITED SHALL IN			
				SOUTHOUT	Harborne	0 100 110		20.00	Shaldon				
	ADDRESS		Chillingworth 41 Littlemead Road Shirley	L CO	Zd Fredas Grove				40 Dovercourt Road				
	SURNAME		Chillingworth	2 60	Salles								
	TITLE FORENAMES SURNAME ADDRESS		Wayne	1	ממוופי במחו	Sharon Marie Pobbins	מומונים	Daving Louise Change	סמאומ בסתופם				
	TILE		ž	Mr	IIAII	Mrs		Mrs		-			



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Return	of Allo	tmen	t o	f Sha	# re:

in bold black capitals. CHWP000	Return of Allotment of Shares
Company Number	2336032
Company name in full	THE PARAGON GROUP OF COMPANIES PLC
Shares allotted (including bor	nus shares):
	From To
Date or period during which shares were allotted	Day Month Year Day Month Year
(If shares were allotted on one date enter that date in the "from" box)	1,60,82,0,0,5
Class of shares	ORDINARY
(ordinary or preference etc)	
Number allotted	13987
Nominal value of each share	£0.10
Amount (if any) paid or due on each share (including any share premium)	h £1.2064
List the names and addresses of the	e allottees and the number of shares allotted to each overleaf
If the allotted shares are fully	or partly paid up otherwise than in cash please state:
% that each share is to be treated as paid up	
Consideration for which the shares were allotted (This information must be supported by the duly stamped contract or by the duly stamped particulars on Form 88(3) if the contract is not in writing)	
Companies House receipt date barcode	When you have completed and signed the form send it to the Registrar of Companies at: Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

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Form revised 10/03

DX 235 Edinburgh or LP - 4 Edinburgh 2

Names and addresses of the allottees (List joint share allotments consecutively)

Shareholder details	Shares and share class allotted			
Name MR NIGEL STEWART TERRINGTON	Class of shares allotted	Number allotted		
Address BRANDELHOW, STOKESHEATH ROAD, OXSHOTT, LEATHERHEAD,	ORDINARY	13987		
SURREY	,			
UK Postcode K T 2 2 0 P S		L		
Name	Class of shares allotted	Number allotted		
Address				
<u>. </u>		<u> </u>		
UK Postcode L		L		
Name	Class of shares allotted	Number allotted		
Address	-			
		<u> </u>		
UK Postcode				
Name	Class of shares allotted	Number allotted		
Address	-			
1	-	<u> </u>		
UK Postcode		<u> </u>		
Name	Class of shares allotted	Number allotted		
Address				
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UK Postcode しょしょし	<u> </u>	· •		
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gned Da	te 16805			
A director / secretary / ddministrator / administrative receiver / receiver manager / receiver	, ,	felete as appropriate		
ou do not have to give any contact formation in the box opposite but	RAGON, ST CATHERINE'	S COURT,		
you do, it will help Companies buse to contact you if there is a	VEST MIDLANDS, B91 30	DE		
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2006 JUL 10 P 1:22

FFICE OF INTERNATIONAL CORPORATE FINANCE

Return of Allotment of Shares

Please complete in typescript, or in bold black capitals. CHWP000

Company Number

Company name in full

2336032

THE PARAGON GROUP OF COMPANIES PLC

Shares allotted (including bonus shares): From To Date or period during which Day Month Year Day Month Year shares were allotted (If shares were allotted on one date 14 018 0,0,5 enter that date in the "from" box) Class of shares ORDINARY (ordinary or preference etc) 2797 Number allotted E0.10 Nominal value of each share Amount (if any) paid or due on each £1.2064 share (including any share premium) List the names and addresses of the allottees and the number of shares allotted to each overleaf If the allotted shares are fully or partly paid up otherwise than in cash please state: % that each share is to be treated as paid up Consideration for which the shares were allotted (This information must be supported by the duly stamped contract or by the duly stamped particulars on Form 88(3) if the contract is not in writing) When you have completed and signed the form send it to

Companies House receipt date barcode

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the Registrar of Companies at: Companies House, Crown Way, Cardiff CF14 3UZ

For companies registered in England and Wales

Companies House, 37 Castle Terrace, Edinburgh EH1 2EB DX 235 Edinburgh For companies registered in Scotland or LP - 4 Edinburgh 2

DX 33050 Cardiff

Form revised 10/03

Names and addresses of the allottees (List joint share allotments consecutively)

record.

Shares and share class allotted		
Class of shares allotted	Number allotted	
ORDINARY	2797	
	. L	
	L	
Class of shares allotted	Number allotted	
	<u> </u>	
	<u> </u>	
Class of shares allotted	Number allotted	
-		
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	L	
Class of shares	Number	
allotted	allotted	
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	Class of shares allotted Class of shares allotted Class of shares allotted Class of shares allotted Class of shares allotted Class of shares allotted Class of shares allotted Class of shares allotted Class of shares allotted Class of shares allotted	



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169(1B)

2006 JUL 10 FReturn by a public company purchasing its own shares for holding in treasury OFFICE OF INTERPATION

CHWP000

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering

Company Number 2336032

Company Name in full

THE PARAGON GROUP OF COMPANIES PLC



PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 davs beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury

must be

"qualifying

shares" as

defined by section 162(4)

Companies

Act 1985

of the

Class of shares (ordinary or preference etc)

Number of shares

Date(s) shares delivered to the company

For each share:

Nominal value

Maximum price paid

Minimum price paid

ORDINARY	ORDINARY	
100,000	110,209	
24/08/2005	25/08/2005	

£0.10	£0.10	
£4.80	£4.8875	
£4.80	£4.82	



The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£_1,012,776.98 £ 5,065.00

PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company

**Delete as appropriate Signed

Date

*a-director / secretary / administrator / administrative recei

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MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE Tel 0121 712 2077

DX number DX exchange

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DX 33050 Cardiff Companies House, Crown Way, Cardiff, CF14 3UZ for companies registered in England and Wales Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB

for companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2



169(1B)

Return by a public company purchasing its own shares for holding in treasury

CHWP000

Pursuant to section 169(1B) of the Companies A

Please complete legibly in black type or bold block lettering

Company Number

2336032

Company Name in full



Please do not write in the space below. For Inja

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4)

of the

Companies

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appropriate

Act 1985

Class of shares (ordinary or preference etc)

Number of shares

Date(s) shares delivered to the company

For each share: Nominal value

Maximum price paid

Minimum price paid

ORDINARY	ORDINARY	
100,000	89,791	
30/08/2005	31/08/2005	

£0.10	£0.10	·
£4.80	£4.80	
£4.80	£4.79	



The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£ 910,778.25 4,555.00

PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company

Signed

Date

(**a director / secretary / administrator / administrative r

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Tel 0121 712 2077

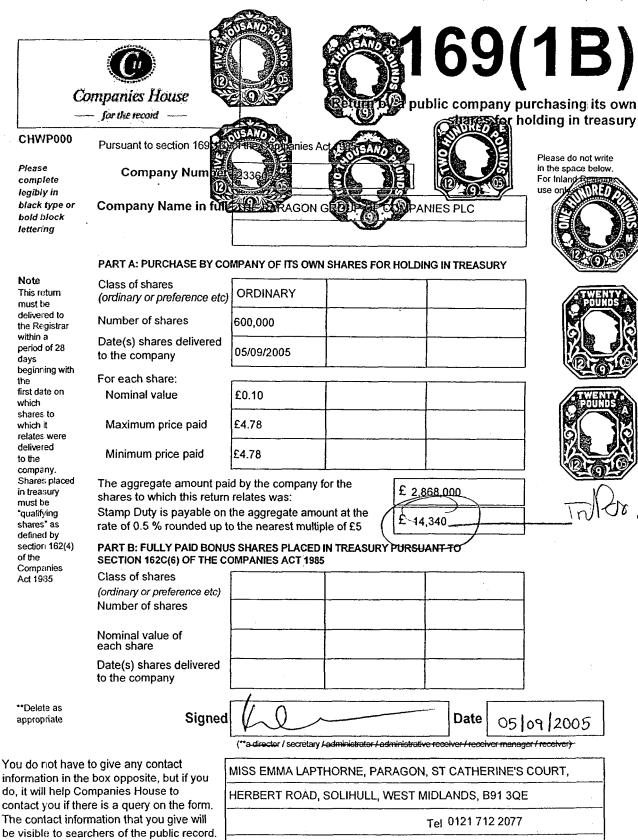
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for companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2



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DX number

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169(1B)

a public company purchasing its own

CHW/P000

Pursuant to section 169(1B) of the Companies A

Please complete legibly in black type or bold block lettering

Company Number

2336032

Company Name in full

THE PARAGON GROUP OF COMPANIES PE



PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4)

Class of shares (ordinary or preference etc)

Number of shares

Date(s) shares delivered to the company

For each share:

Nominal value

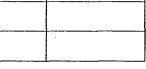
Maximum price paid

Minimum price paid

ORDINARY		
390,000	·	
12/09/2005		

£0.10

£4.70 £4.70







The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£ 1,833,000.00 £ 9,165.00

TOPOS.

PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURGUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company

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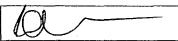
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Companies

Act 1985

Signed



Date

12/09/05

(**a director / secretary / administrator / administrative receiver / receiver / receiver / receiver / secretary / administrator / administrative receiver / receiver

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HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE

Tel 0121 712 2077

DX number

DX exchange

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for companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2



Companies House — for the record —						88	(2)
Please complete in typescript, or in bcld black capitals. CHW P000		·		, P	eturn of	•	ised 2005) of Shares
Company Number	23	36032			eturri or	Anothent	or onares
Company name in full	THE	E PARAGON GROUP	OF	Сом	PANIES	PLC	
Shares allotted (including bonus (see Guidance Booklet GBA6)	sha	res):					
Flate or period during which		From				То	
Date or period during which shares were allotted		Day Month	ear .		Day 1	Month Ye	ear ————
(If shares were allotted on one date enter that date in the "from" box)		1 9 10 210	101	5			
Class of shares (ordinary or preference etc)		ORDINARY					
Number allotted		13,987					
Nominal value of each share		£0.10					
Amount (if any) paid or due on share (including any share premium)		£1.2064					
						of the allotte	es and the
If the allotted shares (including b	onus						cii oveneai
% that each share is to be treated as paid up						T	,
% (if any) that each share is to be paid up in cash							
Consideration for which the shares were allotted (This information must be supported the original or a certified copy of the contract or by Form 88(3) if the contrais not in writing)	•	,	0-70				
Companies House receipt date barcode		Then you have completed a	and sig	gned th	ne form plea	se send it to t	he

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for companies registered in Scotland

DX 235 Edinburgh or LP - 4 Edinburgh 2

09/2005

Names and addresses of the allottees

Shareholder details (list joint allottees as one shareholder)	Shares and share	class allotted
Name(s)	Class of shares	Number
LINR NEALE MICHAEL BURGESS	allotted ~	allotted
Address		
LIG BYFORD WAY, MARSTON GREEN,	ORDINARY	13,987
BIRMINGHAM, WEST MIDLANDS	_	
UK Postcode <u>B 3 プ こ プ</u> . ア . ア	<u> </u>	<u> </u>
Name(s)	Class of shares allotted	Number allotted
Address	- .	
L	_	L
L	_	. L
UK Postcode	L	·
Narne(s)	Class of shares allotted	Number allotted
Address	-	
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UK Postcode レーレー	L	
Name(s)	Class of shares	Number
L	allotted	allotted
Address		
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Name(s)	Class of shares	Number
L	allotted	allotted
Address		
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1/Du	عمدها منا ۱۵	
igned D "Ardirector / secretary / administrator / administrative receiver /	ate 19 [10]2005	

Contact Details

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MISS EMMA LA	IPTHORNE, F	PARAGON,
ST CATHERINE'S	COURT, HE	ERBERT ROAD, SOUHUL
WEST MIDLANDS	6, B913Q€	Tel 01217122077
DX number	DX excl	hange



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Please complete in typescript, or in bold black capitals.					(Boyland 2005)
CHWP000				Poturn of Al	(Revised 2005) llotment of Shares
Company Number	2336032			etuiii oi A	nounent of Shares
Company name in full	THE PARA	GON GROUP OF	COMPANIES	PLC	
Shares allotted (including bonus (see Guidance Booklet GBA6)	shares):	From			To
Date or period during which					То
shares were allotted	۲-	Day Month	Year	Day Mo	nth Year
(If shares were allotted on one date enter that date in the "from" box)	[[0 8 1 1 2	0 0 5		
Class of shares (ordinary or preference etc)	ORE	DINARY	ORDINARY	,	
Number allotted	2,79)7	3,910		
Nominal value of each share	£0.1	0	£0.10		
Amount (if any) paid or due on e share (including any share premium)	each £1.2	064	£1.8304		
	<u> </u>				the allottees and the ted to each overleaf
If the allotted shares (including be cash please state:	onus sha				
% that each share is to be treated as paid up					
% (if any) that each share is to be paid up in cash					
Consideration for which the shares were allotted (This information must be supported by the original or a certified copy of the contract or by Form 88(3) if the contract is not in writing)					
Companies House receipt date barcode This form has been provided free of charge hy Companies House	Registra	ou have completed ar of Companies at nies House Crown V	:		send it to the DX 33050 Cardiff

09/2005

for companies House, Crown Way, Cardiff, CF14 3UZ

for companies registered in England and Wales

Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB

for companies registered in Scotland

DX 33050 Cardiff

DX 235 Edinburgh

or LP - 4 Edinburgh

or LP - 4 Edinburgh 2

Names and addresses of the allottees

Shareholder (list joint allottees as o	details ne shareholder)	Shares and share	class allotted
Name(s) , MISS JAYNE MARIE BAKER		Class of shares allotted	Number allotted
		-	
Address 130 GRACEMERE CRESCENT, BIRMIN	IGHAM,	ORDINARY	, 2,797
		ORDINARY	
UK Pos	tcode B 2 8 0 U D		
Name(s) MR JOHN EVANS		Class of shares allotted	Number allotted
Address 25 CAMPDEN CLOSE, REDDITCH, WO	RCS	ORDINARY	3,910
UK Pos	tcode B 3 Z C 2 N J	_	. L
Name(s)		Class of shares allotted	Number allotted
Address		-	
LIK Do-	A		<u> </u>
UK POS	tcode		
Name(s)		Class of shares allotted	Number allotted
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L			<u> </u>
UK Pos	tcode LLLLLLL	L	<u> </u>
Narne(s)		Class of shares allotted	Number allotted
Address			L
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UK Pos	tcode	L	<u> </u>
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official receiver / receiver manager / volum		ease delete as appropriate	
ontact Details			
ou do not have to give any contact	MISS EMMA LAPTHORNE, PAI	RACON ST CATHEDINE	'S COURT
formation in the box opposite but if ou do, it will help Companies House to	HERBERT ROAD, SOLIHULL, V		
ontact you if there is a query on the rm. The contact information that you		Tel 0121 712	
ve will be visible to searchers of the			

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MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE Tel 0121 712 2077	COURT,	
HERBERT ROAD, SO	LIHULL, WEST MIDLANDS, B91 3QE	
	Tel 0121 712 20)77
DX number	DX exchange	

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Companies House

for the record -

Please complete in typescript, or in bold black capitals. CHW P000

Company Number

200 JUL 10 P 1:22

COPPORATE FINANCE

(Revised 2005)

Return of Allotment of Shares

Company name in full	HE PARAGON GROUP OF COMPANIES PLC		

2336032

Shares allotted (including bonus shares): (see Guidance Booklet GBA6)

Date or period during which shares were allotted (If shares were allotted on one date

enter that date in the "from" box)

Class of shares (ordinary or preference etc)

Number allotted

Nominal value of each share

Amount (if any) paid or due on each share (including any share premium)

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ORDINARY	ORDINARY	
12,000	15,000	
£0.10	£0.10	
£2.18	£1.47	

List the names and addresses of the allottees and the number and class of shares allotted to each overleaf

If the allotted shares (including bonus shares) are fully or partly paid up otherwise than in cash please state:

Day

3

% that each share is to be treated as paid up

% (if any) that each share is to be paid up in cash

Consideration for which the shares were allotted (This information must be supported by the original or a certified copy of the contract or by Form 88(3) if the contract is not in writing)

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Companies House receipt date barcode

This form has been provided free of charge by Companies House.

When you have completed and signed the form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ for companies registered in England and Wales

DX 33050 Cardiff

for companies registered in Scotland

Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB

DX 235 Edinburgh or LP - 4 Edinburgh 2

09/2005

Names and addresses of the allottees

Shareholder (list joint allottees as or	details ne shareholder)	Shares and share	class allotted
Name(s)		Class of shares	Number
, APOLLO NOMINEES LIMITED	·	allotted	allotted
Address			
1 FINSBURY AVENUE, LONDON		ORDINARY	27,000
L		ORDINARY	L
UK Pos	tcode EC2M2PP		L
Name(s)		Class of shares allotted	Number allotted
Address			
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L	tondo	-	
	tcode		
Name(s)		Class of shares allotted	Number allotted
Address	The grant of	-	
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UK Pos	tcode <u></u>		
Name(s)		Class of shares allotted	Number allotted
Address		-	
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UK Pos	tcode LLLLLLL	l	
Name(s)		Class of shares allotted	Number allotted
Address	· · · · · · · · · · · · · · · · · · ·	-	
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L			
UK Pos	tcode L L L	L	
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(CO 2		ate 13 DECEMBER	2 2006
Signed ** A director/ secretary / administrator / adm	inistrative receiver / receiver /		<u> </u>
-official receiver / receiver manager / volum		lease delete as appropriate	
Contact Details			·
ou do not have to give any contact of the formation in the box opposite but if	MISS EMMA LAPTHORNE, PA	RAGON, ST CATHERINE	'S COURT,
ou do, it will help Companies House to contact you if there is a query on the	HERBERT ROAD, SOLIHULL, V	VEST MIDLANDS, B91 30	QE
orm. The contact information that you		Tel 0121 712	2077
give will be visible to searchers of the	DX number	DX exchange	

DX number	DX exchange	
	Tel 0121 712 2077	
HERBERT ROAD, SOL	IHULL, WEST MIDLANDS, B91 3QE	
MISS EMMA LAPTHO	RNE, PARAGON, ST CATHERINE'S COURT,	
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Companies House for the record -

Please complete in typescript, or

2006 JUL 10 P 1:22 OFFICE OF INTERNATIONAL CORPORATE FINANCE

in bold black capitals. (Revised 2005) CHWP000 Return of Allotment of Shares Company Number 2336032 Company name in full THE PARAGON GROUP OF COMPANIES PLC Shares allotted (including bonus shares): (see Guidance Booklet GBA6) From To Date or period during which Day Month Year Day Month Year shares were allotted (If shares were allotted on one date 8 2 2 0 0 enter that date in the "from" box) Class of shares ORDINARY (ordinary or preference etc) Number allotted 11,190

> List the names and addresses of the allottees and the number and class of shares allotted to each overleaf

If the allotted shares (including bonus shares) are fully or partly paid up otherwise than in cash please state:

£0.10

£1.2064

% that each share is to be treated as paid up

Nominal value of each share

share (including any share premium)

Amount (if any) paid or due on each

% (if any) that each share is to be paid up in cash

Consideration for which the shares were allotted (This information must be supported by the original or a certified copy of the contract or by Form 88(3) if the contract is not in writing)

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for companies registered in Scotland

DX 235 Edinburgh or LP - 4 Edinburgh 2

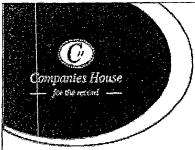
09/2005

Names and addresses of the allottees

Shareholder details (list joint allottees as one shareholder)	Shares and share class allotted			
Name(s)	Class of shares	Number		
MRS SARAH WELLS	allotted	allotted		
Address				
LOCKSIDE COTTAGE, HATTON HILL, HATTON, WARWICK	ORDINARY	11,190		
	.	L		
UK Postcode C V 3 5 7 J J	L	<u> </u>		
Name(s)	Class of shares allotted	Number allotted		
Address				
	. L	L		
UK Postcode		L		
Name(s)	Class of shares allotted	Number allotted		
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contact Details				
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You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

DX number	DX exchange	_
	Tel 0121 712 2077	
HERBERT ROAD, SOL	IHULL, WEST MIDLANDS, B91 3QE	
MISS EMMA LAPTHOI	RNE, PARAGON, ST CATHERINE'S COURT,	



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CONSENT FORM FOR PAPER FILING

THE REGISTRAR'S PROOF (PROTECTED ON-LINE FILING) SCHEME

1 -11-2		
Company Number	2336032	
Company Name in full	THE PARAGON GROUP OF COMPANIES PLC	
Company Authentication Code	ROBERT	
Date	03/01/2006	

Form(s) attached to which this consent form applies

Form Number	Date of Form
88(2)	03/01/2006
<u> </u>	

The above company is an Opted-In Company (as defined in the Terms relating to the Registrar's PROOF Scheme). The above company hereby consents to the Form(s) referred to above being submitted to the Registrar for placing on the public record.

IMPORTANT:

- (1) This Form should only be used by a company that has joined the Registrar's PROOF Scheme
- (2) If a company wants to opt out of the Registrar's PROOF Scheme then it must submit an Opt-Out Form to the Registrar.

When you have completed this Form, please send it to the Registrar of Companies at:

DEB Support Manager, Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff
For companies registered in England and Wales
Or
DEB Manager, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB DXED235 Edinburgh 1
LP-4 Edinburgh 2
For companies registered in Scotland

de A DT SERVICE



Companies House

for the record -Company Name THE PARAGON GROUP OF **COMPANIES PLC**

Company Type **Public Limited Company**

Company Number 2336032 Information extracted from Companies House records on 24th December 2005

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- > Please check the details printed in blue on this statement.
- > If any details are wrong, strike them through and write the correct details in the "Amended details" column.
- Please use black pen and write in capitals.

363s Annual Return

Section 1: Company details

Ref: 2336032/09/28	Current détails	Amended details
Registered Office Address If any of the details are wrong, strike them through and fill in the correct details in the "Amended details" column.	St Catherine's Court Herbert Road Solihull West Mids B91 3QE	Address UK Postcode
> Register of Members If any of the details are wrong, strike them through and fill in the correct details in the "Amended details" column.	Address where the Register is he Computershare Investor Services Plc Po Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH	
> Register of Debenture Holders If any of the details are wrong, strike them through and fill in the correct details in the "Amended details" column.	Not Applicable	UK Postcode
> Principal Business Activities If any of the details are wrong, strike them through and fill in the correct details in the "Amended details" column.	SIC Code Description 6522 Other credit granting	SIC CODE Description
Please enter additional principal activity code(s) in "Amended details" column. See notes for guidance for list of activity codes.		

ompany Number - 2336032	Section 2: Details of Officers of the Co Current details	The state of the s
Director If any of the details for this person are wrong, strike	Name Robert Graham DENCH	Name
them through and fill in the correct details in the "Amended details" county. Particulars of a new Director must be notified on form 288a.	Address Lytchett Park View Road Woldingham Surrey CR3 7DJ Date of birth 14/02/1950 Nationality British Occupation Co Director	Tick this box if this address is a service address for the beneficiary of a Confidentiality Order granted under section 723B of the Companies Act 1985. Address UK Postcode Date of birth / Nationality
2004.		Date of change / / Date Robert Graham DENCH ceased to be director (if applicable)
Director If any of the details for this person are wrong, strike them through and fill in the correct details in the "Amended details" column.	Name John Andrew HERON Address 1 Stapleford Court Sevenoaks Kent TN13 2LB	Tick this box if this address is a service address for the beneficiary of a Confidentiality Order granted under section 723B of the Companies Act 1985. Address
Particulars of a new Director must be notified on form 288a.	Date of birth 04/01/1959 Nationality British Occupation Director	UK Postcode Date of birth Nationality Occupation Date of change _ / _ / _ / Date John Andrew HERON ceased to

Company Number - 2336032	Section 2: Details of Officers of the Com	pany (continued)
4	Current details	Amended details
> Director If any of the details for this person are wrong, strike them through and fill in the	Name Christopher David NEWELL ACA BSC	Name
correct details in the "Amended details" column.	Address Saint Catherines Court Herbert Road Solihull West Midlands B91 3QE	Tick this box if this address is a service address for the beneficiary of a Confidentiality Order granted under section 723E of the Companies Act 1985. Address
	Date of birth 01/05/1960	
	Nationality British	UK Postcode
Particulars of a new Director must be notified on form	Occupation Managing Director	Date of birth / / Nationality
288a.		Occupation
		Date of change / /
		Date Christopher David NEWELL ACA BSC ceased to be director (if applicable)
		/ /
> Director If any of the details for this person are wrong, strike	Name Pawan PANDYA	Name.
them through and fill in the	第1	Tick this box if this address is a service
correct details in the "Amended details" column.	Address	address for the beneficiary of a
Antenueu uetans Column.	Old Lodge Farm Westwood Heath Road Westwood Heath	Confidentiality Order granted under section 723E of the Companies Act 1985.
	Coventry Warwickshire CV4 8AA	Address
	Date of birth 12/11/1964	
	Nationality British	UK Postcode
Particulars of a new Director		Date of birth
must be notified on form	Occupation Director	Nationality
288a.		Occupation
		Date of change / /
		Date Pawan PANDYA ceased to be director (if applicable)
		//

	Issued share capital detail	S
Please fill in the	Class of Share	Number of shares issued
details of total share capital by class (eg.	ORDINARY	120, 821, 226
ordinary, preference		Aggregate Nominal Value of issued shares
etc) that has been issued to the		£12,082,122.60
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shareholders.	; Olava vt Olava	N
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nominal value.		Aggregate Nominal Value of issued shares
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ist of past and presen		
Please complete the required information on	☐ There were no☐ A list of change	changes during the period
the attached schedules	A full list of mer	
or in another format		
agreed by Companies House.	The last full lis	st of members was received on: 19/01/2005

REMEMBER:

Changes to shareholder particulars or details of shares transferred to be completed each year A full list of shareholders is required with the first and every third Annual Return thereafter List shareholders in alphabetical order or provide an index List joint shareholders consecutively

Section 4B: Details of Former Shareholders

- > Please fill in details of any persons or corporate bodies who have ceased to be shareholders at the date of this return. Also, please give the dates that their shares were transferred.
- Please copy this page if there is not enough space to enter all the company's former shareholders.

	Former shareholders details	Class and number of shares or amount of stock transferred	Date of registration of transfer
Name			
Address	LIK Destands		淹
Name	OK Postcode		
Address		·	
	UK Postcode LLLL	- Charge and the	
Name			
Address	UK Postcode		
Name			
Address	UK Postcode		
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Address			
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FFICE OF INTERNATIONAL CORPORATE FINANCE



Annual Report & Accounts 2005

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Financial highlights

8.2%

Increase in profit before tax to £76.8 million (2004: £71.0 million)

31.3%

Increase in dividend for full year to 12.6p (2004: 9.6p)

11.0%

Growth in earnings per share to 53.3p (2004: 48.0p)

9.7%

Increase in total loan assets to £6,528.7 million (2004: £5,950.9 million)

	2005 £m	2004 €m	2003 £m	2002 £m	2001 £m
Profit before taxation	76.8	71.0	51.9	46.0	41.1
Profit after taxation	60.7	54.7	40.3	36.6	32.9
Total loan assets Shareholders' funds	6,528.7	5,950.9	5,287.1	2,521.3	2,149.2
	308.0	268.4	225.3	200.8	169.0
	2005	2004	2003	2002	2001
Earnings per share - basic	53.3p	48.0p	35.5p	32.1p	29.0p
- diluted Dividend per ordinary share	51.1p	46.2p	34.8p	31.4p	28.3p
	12.6p	9.6p	6.3p	5.1p	4.2p

Total loan assets includes Loans to Customers shown on the face of the balance sheet and similar assets subject to non-recourse finance arrangements (see note 16).

Chairman's statement

The Group has performed strongly in 2005, despite a more difficult trading environment, producing growth in profits and loan assets and further strengthening our franchise in our key lending market.

Excluding the credit to profit and loss account for goodwill, operating profit increased by 10.5% to £72.7 million (2004: £65.8 million) (note 8). Profit before tax increased by 8.2% to £76.8 million for the year, compared with £71.0 million for the previous year. Earnings per share increased by 11.0% to 53.3p from 48.0p.

The Board has declared an increased final dividend of 7.4p per share which, when added to the interim dividend of 5.2p paid on 29 July, gives a total dividend of 12.6p per share for the year, an increase of 31.3% over last year. This is consistent with the policy set out in our interim report, to accelerate payments towards a market level of dividend cover. Subject to approval at the Annual General Meeting on 9 February 2006, the dividend will be paid on 13 February 2006, by reference to a record date of 13 January 2006.

Business review and strategy

The Group's multi-brand strategy has delivered well-defined propositions within the buy-to-let market. Paragon Mortgages, with its focus on larger scale professional investors, has continued to market to its existing customer base and its network of individual specialist intermediaries. Product developments and individual service for large scale landlords, who own, on average, twelve properties have maintained strong customer support, such that repeat applications from existing customers still deliver around 70% of new business. The Mortgage Trustbrand has been developed further over the year. Its focus on smaller scale private investors, who across the portfolio own, on average, seven properties, has allowed greater utilisation of credit technology, together with cost-effective processing and administration. Of particular note has been the delivery of additional intermediary distribution.

This strategy has allowed the Group's buy-to-let business to move forward on a broad front, without compromising lending standards, at a time when many lenders have seen a reduction in volumes because of lower levels of market activity generally and provides a strong base for further development in the future.

The case for investing in residential property remains sound, as uncertainty in the general housing market has been beneficial to the private rented sector in a number of respects. Survey data confirms the strength of tenant demand for private rented property. This has allowed landlords to improve rents, which in turn has resulted in an increase in yields. At the same time, competition for property has reduced, providing landlords with the opportunity to secure good deals on new purchases, again benefiting yields.

Survey evidence continues to suggest that landlords are taking a long-term view of their investments, rather than seeking to crystallise accrued gains. In our own buy-to-let portfolio, we have seen little evidence of increased selling activity. Indeed, compared to the previous year, redemption rates have fallen. Overall, the prospects for the buy-to-let market remain sound and demand for private rented property is expected to rise, assisted by the record number of students in higher education and the number of people migrating to the UK. The eligibility of residential property for Self-Invested Personal Pensions ("SIPPs") from 2006 may also have a positive effect on demand and we are well positioned to benefit from any activity in this regard through our joint venture with James Hay, the UK's leading SIPPs administrator.

Capital management

The Board reviews, periodically, the appropriate level of capital to support its current loan portfolios and to ensure that its business plans can be met. The Board has regard to a number of factors, including the capital needed to support planned business generation over the medium term, the risk characteristics of the portfolio and the capital being returned to the Group from organic cash generation.

As a result of such a review in 2002, the Board decided to increase dividends progressively ahead of earnings growth in order to reduce dividend cover to market level over the medium term. Since that time, dividends have increased annually at roughly double the rate of earnings growth.

Whilst our new business generation targets remain stretching, the Group's portfolio continues to generate capital. We have also reduced the portfolio's risk profile by our disciplined restructuring of the portfolio from unsecured towards secured lending, which is less demanding of the Group's capital. Consumer loans, as a proportion of the portfolio, have been reducing year on year, from 36% in 2002 to 13.4% as at 30 September 2005. Within this, the unsecured personal loan book has been declining in absolute terms since the product was withdrawn and as loans have redeemed, from £319.9 million at 30 September 2005 to £180.0 million at 30 September 2005, representing 2.8% of the total loan book.

As a result, we announced at the half year that surplus capital was available for distribution to shareholders. In addition to increasing the dividend for the year by 31.3%, almost three times growth in earnings per share, thus accelerating the Group's progress towards the objective of achieving a market level of dividend cover within two years, the Company has also repurchased 1,790,000 shares at an average price of £4.64 per share and a total cost of £8.3 million as part of a £20 million repurchase programme. This programme is ongoing and the Board will keep under review the appropriate cost of capital to support the Group's business activities.

International Financial Reporting Standards ("IFRS")

The results for the year ended 30 September 2005 are the last to be prepared under UK Generally Accepted Accounting Principles. The Board expects to provide a comparative report to shareholders setting out the impact of the introduction of IFRS on the 2005 results in advance of the 2006 interim results, which will be prepared under IFRS.

Outlook

The fundamentals of the buy-to-let market remain strong, with increased rental demand translating into higher rents which, given more stable property prices should result in improving yields. As a consequence, landlords are continuing to take a long-term view of their property investments and we expect activity levels to improve as landlords take advantage of the increased rental demand by expanding their portfolios.

The development of the Paragon Mortgages and Mortgage Trust brands will continue, aimed at providing a broad range of products and services to landlords, thereby ensuring that the Group is well placed to benefit from the long-term development of this market.

Staff

The excellent progress we have made during the year would not have been achieved without the hard work and dedication of our staff and my fellow directors. I thank them all for their efforts.

Jonathan P L Perry Chairman

23 November 2005

During the year ended 30 September 2005 the Group advanced strongly, with profit before tax increasing by 8.2% to £76.8 million for the year, compared with £71.0 million for the previous year.

Total loan assets at 30 September 2005 increased by 9.7% to £6,528.7 million from £5,950.9 million at 30 September 2004. Of these, £6,165.6 million, or 94.4%, were secured on residential property, providing a base of high quality assets. Total advances by the Group during the year were £2,025.6 million, compared with £2,124.3 million in the previous year, the reduction being due to more subdued consumer lending. Buy-to-let lending volumes remained firm, despite the general housing market slowdown and were significantly higher in the second half of the financial year, up 64.2% from the first half.

Net interest income increased by 20.2% to £96.9 million from £80.6 million, reflecting the growth in the loan book, reductions in funding costs and a reduced charge for commissions paid in respect of new business generation. The reduction in other operating income, from £40.2 million to £35.9 million, reflects the impact of reduced activity on commissions earned, particularly for the consumer finance division.

Operating expenses, excluding the impact of the goodwill credit of £4.1 million, were £44.2 million compared with £43.9 million (excluding the goodwill credit of £5.2 million) for 2004 despite an increase in pension costs and costs from share based payments, totalling £3.3 million during the year. The reduction in the cost:income ratio to 33.3% (2004: 36.3%) (note 7) reflects the beneficial impact of operational efficiencies introduced in 2004 and the continuing emphasis by management on cost efficiency throughout the Group's operations.

The Group has maintained its focus on growing its secured lending, principally of high quality buy-to-let assets whilst reducing exposure to unsecured consumer lending. The number of accounts in arrears across the portfolios was lower at 30 September 2005 than a year previously, both numerically and as a percentage of live accounts. The performance of the buy-to-let book remains exemplary, but the impact of increased interest rates on the payment performance of the consumer portfolios was the principal reason for an increase in the charge for provisions for losses to £15.9 million for the year (2004: £11.1 million).

After providing for corporation tax at a charge rate of 21% and for the dividend in respect of the year, profits of £46.3 million have been transferred to shareholders funds, which we re £308.0 million at 30 September 2005 (2004: £268.4 million).

First Mortgages

Total first mortgage lending by the Group was £1,675.7 million for the year, of which £1,667.8 million was buy-to-let (2004: £1,637.3 million), an increase of 1.9%, evidencing the strong recovery in volumes during the second half of the year following a weaker performance during the first half. The small value of owner-occupied loan advances relates to the provision of further advances to existing customers, however this is not a sector being actively targeted.

Housing market activity has been cooler in 2005 than in 2004 as a consequence of increased interest rates and general concerns over value and affordability. The rate of house price growth slowed during the year, with evidence still suggesting that house prices are heading for a soft landing. Recent improvements in housing activity point to a more stable market.

Buy-to-let loans

Paragon's strategy in the buy-to-let sector is to offer a broad range of products and services meeting the needs of professional and private investors in residential rental property. The products are offered through Paragon Mortgages and Mortgage Trust.

The buy-to-let portfolio grew strongly to £5,031.6 million [2004: £4,064.1 million], an increase of 23.8%. The new business pipeline at 30 September 2005 was significantly higher than that at the half year, providing a strong level of completions at the start of the new financial year, with advances in October 2005 significantly ahead of October 2004. The new business pipeline was also greater at the end of October 2005 than a year previously.

Owner-occupied loans

Theowner-occupied portfolio declined, as expected, to £622.2 million from £952.2 million at 30 September 2004 and continued to perform in line with expectations.

Consumer Finance

Weaker consumer activity in the past twe lve months has had an impact on consumer lending across the market and this weakness is likely to continue into the new financial year. In the light of this environment, we remain cautious in our credit policy to ensure the maintenance of high quality lending. In particular, no unsecured personal loans are now offered and the only loans made by the Group which are not secured on residential property are the car and retail instalment credit advances made by the Sales Aid Finance division. As a consequence, consumer finance lending activity has been lower this year. Aggregate loan advances were £349.9 million during the year, compared with £450.0 million in the previous year. As at 30 September 2005 the Consumer Finance book, comprising secured and unsecured personal loans and sales aid finance, was reduced to £874.9 million (2004: £934.6 million).

Paragon Personal Finance

During the course of the year, higher interest rates impacted on the appetite of consumers for further borrowing. In addition the revisions to the Consumer Credit Act and the introduction of regulation over insurance business, which we reported at the half year had adversely affected volumes as introducers changed systems and working practices to ensurecompliance. The effect of these, combined with the tightening of our credit criteria in anticipation of the changing economic environment, has been to depress volumes. Secured personal finance advances by the Group were £233.1 million during the year, compared with £305.4 million for the previous year. Despite the reduced activity, the secured book increased stightly by the year end to £511.8 million (2004: £507.1 million).

Looking forward, we expect trading conditions to remain competitive in the more subdued market environment. Against this background we shall continue our cautious credit stance whilst developing products to maintain Paragon's presence in the broker market. In addition we shall seek new distribution sources for our products over the course of the coming year.

Sales Aid Finance

The performance of the sales aid business was in line with our expectations, with new business volumes originated by the division decreasing to £116.7 million (2004: £144.2 million).

Substantial progress has been made during the year in refocusing the car and retail finance businesses to improve profitability. New business initiatives and product developments have been instrumental in the development of new sources of distribution and the integration of overlapping administration functions that has led to improvements in cost efficiency.

Funding

The Group continued to be an active issuer in the capital markets during the period. In October 2004, the Group completed a £1.0 billion securitisation by Paragon Mortgages (No. 8) PLC; in December 2004 a £300 million securitisation of secured consumer loans was completed by Paragon Secured Finance (No. 1) PLC; in May 2005, a £450 million securitisation of secured and unsecured consumer loans was completed by Paragon Personal and Auto Finance (No. 3) PLC; in July 2005 a £700 million securitisation was completed by Paragon Mortgages (No. 9) PLC; and, in November 2005, a £1.0 billion securitisation was completed by Paragon Mortgages (No. 10) PLC.

Funding through securitisation continues to be attractive for the Group, with demand for the notes issued through the Paragon securitisation programme remaining high. This strong demand has had a beneficial impact on funding costs, with the average coupon on Paragon Mortgages (No. 10) PLC being the lowest yet in the Paragon programme.

In April 2005 the Group issued £120 million 7% Callable Subordinated Notes due 2017. This inaugural transaction provides long-term capital at attractive pricing and improves the flexibility available to the Group in its capital management.

Nigel S Terrington Chief Executive

23 November 2005

Board of Directors

1. Jonathan P L Perry - Chairman

Age 66

Jonathan Perry joined the Group as a non-executive director in June 1991 and was appointed Chairman in January 1992. He is a Chartered Accountant and between 1997 and 1999 he was Vice-Chairman, Investment Banking Division, HSBC Investment Bank plc. Previously he was a Director of Morgan Grenfell & Co Limited for 15 years.

2. Nigel S Terrington – Chief Executive Age 45

Niget Terrington joined the Group in 1987 and became Chief Executive in June 1995, having held the positions of Treasurer and Finance Director. Prior to Paragon, he worked in investment banking. He is a Board member of the Finance and Leasing Association and is also Vice-Chairman of the FLA Consumer Finance division. He previously held the position of Chairman of the Intermediary Mortgage Lenders Association and was also a member of the Executive Committee of the Council of Mortgage Lenders.

3. Nicholas Keen – Finance Director Age 47

Nicholas Keen joined the Group in May 1991 and became Finance Director in June 1995 having previously held the position of Treasurer. Prior to joining the Group he worked in Corporate Banking, Treasury and Capital Markets. He is Chairman of the Paragon Credit Committee.

4. John A Heron – Director of Mortgages Age 46

John Heron joined the Group in January 1986. He was appointed as Marketing Director in 1990 and in 1994 played a pivotal role in re-establishing the Group's mortgage lending operations as Managing Director of Paragon Mortgages. As Director of Mortgages, he is responsible for both Paragon Mortgages and Mortgage Trust He is a Fellow of the Chartered Institute of Bankers and a member of the Executive Committee of the Council of Mortgage Lenders.

5. Pawan Pandya - Chief Operating Officer

Pawan Pandya joined the Group in December 1988. He was appointed as Chief Operating Officer in July 2002, responsible for all operational and IT areas of the Group. Prior to joining Paragon, heworked in foreign exchange, credit risk management, marketing and corporate finance.

6. David M M Beever - Non-Executive Director

David Beever joined Paragon as a non-executive director in August 2003. He is Chairman of KPMG Corporate Finance, Vice-Chairman of London & Continental Railways Ltd and a non-executive director of JJB Sports plc and Volex Group plc. He was previously a Vice-Chairman of SG Warburg & Co Ltd. He is the Senior Independent Non-Executive Director.

7. Robert G Dench – Non-Executive Director Age 55

Robert Dench joined Paragon as a non-executive director in September 2004. He previously held various senior positions with Barclays, where, following a number of overseas appointments, he returned to the UK and served on the boards of Barclays' Retail Financial Services and Private Client businesses. He is also a non-executive director of AXA UK plc and of Clipper Ventures plc.

8. Gavin A F Lickley - Non-Executive Director

Gavin Lickley joined Paragon as a non-executive director in October 2002. He retired from the Board of the Investment Banking Division of Deutsche Bank AG in April 2000, having previously been Head of the Banking Division and Chairman of Morgan Grenfell & Co Limited. He is a Chartered Accountant and is Chairman of the Paragon Remuneration Committee.

9. Christopher D Newell - Non-Executive Director Age 45

Christopher Newell has been a director of Altium Capita l Limited since 1990. He is also a director of Artemis Investment Management Limited. He is a Chartered Accountant and joined the Board of Paragon as a non-executive director in November 2001. He is Chairman of the Paragon Audit and Compliance Committee.

Directors' report

The directors submit their Report and the Accounts for the year ended 30 September 2005 which were approved by the Board on 23 November 2005.

Principal activity

The Company is a holding company co-ordinating the activities of its subsidiary companies. The principal activities of the Group continue to be the operation of its first mortgage and consumer finance businesses.

Results and dividends

The results for the year are shown in the Consolidated Profit and Loss Account on page 34. The Chairman's Statement and the Chief Executive's Review on pages 4 to 9 contain a review of the Group's business during the financial year, its current position and future prospects.

The directors recommend a final dividend of 7.4p per share (2004: 5.7p per share) which, together with the interim dividend of 5.2p per share (2004: 3.9p per share) paid on 29 July 2005, makes a total of 12.6p per share (2004: 9.6p per share). After dividends, retained profits of £46.3 million (2004: £43.7 million) have been transferred to reserves.

Details of events taking place after the balance sheet date are given in note 36.

Directors

The interests of the directors at the year end in the share capital of the Company, all beneficially held, are shown below.

	AT 30 SEPTEMBER 2005 ORDINARY SHARES OF 10P EACH	AT 30 SEPTEMBER 2004 ORDINARY SHARES OF 10P EAC H
JP L Perry	309,579	309,579
N S Terrington	113,205	99,219
N Keen	44,116	44,116
J A Heron	5,600	5,600
P Pandya	-	-
D M M Beever*	10,000	10,000
R G Dench*	20,000	-
G A F Lickley*	30,000	30,000
C D Newell*	20,000	20,000

^{*} Non-executive directors.

In addition, certain directors had interests in the share capital of the Company by virtue of options granted under the Company's executive share option schemes and awards under the Paragon Performance Share Plan and the Deferred Bonus Scheme, details of which are given in the Report of the Board to the Shareholders on Directors' Remuneration on pages 18 to 26.

There have been no changes in the directors' interests in the share capital of the Company since 30 September 2005.

The directors have no interests in the shares or debentures of the Company's subsidiary companies.

In accordance with the Articles of Association, Mr N S Terrington, Mr J A Heron and Mr G A F Lickley will retire and, being eligible, will offer themselves for re-appointment at the forthcoming Annual General Meeting. None of these directors has a service contract with the Company requiring more than 12 months' notice of termination to be given.

None of the directors had, either during or at the end of the year, any material interest in any contract of significance with the Company or its subsidiaries.

Purchase of own shares

During the year ended 30 September 2005 the Company has, as part of a £20 million repurchase programme, repurchased 1,790,000 shares having an aggregate nominal value of £179,000 at a cost of £8.3 million. These shares represent 1.5% of the issued share capital of the Company (excluding treasury shares). All of these shares were held as at 30 September 2005 as treasury shares and this holding represents the maximum number of its own shares held by the Company at any time during the past year. The reasons for the repurchase programme are as set out in the Stock Exchange announcement made by the Company on 25 May 2005.

Substantial shareholdings

As at 31 October 2005, being a date not more than one month before the date of the notice convening the forthcoming Annual General Meeting, the Company had been notified of the following interests of more than 3% in the nominal value of the ordinary share capital of the Company:

	ORDINARY SHARES	%HELD
Barclays Global Investors	14,659,832	12.14%
Merrill Lynch Investment Managers	8,325,068	6.89%
J P Morgan Fleming Asset Management	7,481,070	6.19%
Columbia Wanger Asset Management	6,260,000	5.18%
The Paragon Group of Companies PLC ESOP scheme	5,994,552	4.96%
Morley Fund Management	5,934,727	4.91%
M & G Investment Management	5,738,697	4.75%
Schroder Investment Management	4,919,994	4.07%
Legat & General Investment Management	3,997,330	3.31%
Standard Life Investments	3,985,984	3.30%

Corporate social responsibility

The Group presents its policies in relation to corporate social responsibility and issues such as community involvement, the fair and equal treatment of staff, employment of disabled persons, employee participation, health and safety, commitment to diversity and the environment in the Corporate Social Responsibility Report on pages 16 and 17.

Charitable contributions

Contributions to charitable institutions in the United Kingdom amounted to £111,833 (2004: £79,547). Information on the Group's charitable activities is given in the Corporate Social Responsibility Report on pages 16 and 17.

Close company status

So far as the directors are aware, the Company is not a close company for taxation purposes.

Creditor payment policy

The Company agrees terms and conditions with its suppliers. Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier.

The trade creditor days figure has not been stated as the measure is not appropriate to the business.

Auditors

A resolution for the re-appointment of Deloitte & Touche LLP as the auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Details of resolutions to be proposed as special business at the Annual General Meeting

Resolution 6

Section 80 of the Companies Act 1985 states that the directors may not exercise a company's power to allot its unissued shares unless given authority to do so by resolution of the shareholders in general meeting.

The present authority of the directors to allot the unissued ordinary share capital of the Company was granted at the previous Annual General Meeting on 9 February 2005 and will expire at the end of the forthcoming Annual General Meeting. Resolution 6 seeks to renew, for a further year, the present authority of the directors to allot ordinary shares up to an aggregate nominal value of £4,171,100 representing approximately 35.1% of the Company's issued capital, excluding treasury shares, at 31 October 2005 and being one third of issued capital, excluding treasury shares, plus shares issuable under option. At 31 October 2005 the Group held 1,790,000 treasury shares, representing 1.5% of the Company's issued capital, excluding treasury shares, at 31 October 2005. The directors have no present intention of exercising this authority, which will expire at the conclusion of the following Annual General Meeting.

Resolution 7 and 8

The Remuneration Committee has recently carried out a review of remuneration arrangements for senior executives of the Company.

Particular aspects of the existing remuneration arrangements attracted comment from some institutional investors last year. These we're:

- I the ability to award 'free' bonus-linked matching shares which are subject to no performance conditions:
- I the ability to retest performance and the lack of a sliding vesting scale for share option grants (as all options became exercisable for achieving median total shareholder return ("TSR") performance).

As a result, the Committee is proposing revised arrangements which will address these points as well as reflecting current market practice (for example, share options will no longer form part of the 'normal' on-going incentive arrangements) and the need to incentivise and reward Company executives more effectively. As part of this revised policy, shareholder approval will be sought to amend aspects of the Paragon Performance Share Plan lapproved by shareholders at the 2003 Annual General Meetingl and to introduce a new Matching Share Plan.

The Paragon 2000 Executive Share Option Scheme ("Option Scheme") will be retained but grants of share options will only be made in exceptional circumstances, principally if required for recruitment or acute retention situations. The Committee currently has no intention to make any such grants under the Option Scheme.

<u>Proposed amendments to the Performance Share Plan</u> ("PSP")

Award levels

Currently the PSP has a 'normal' annual award limit of 100% of salary and an exceptional annual award limit of 200% of salary. As the Option Scheme is no longer to be used, it is proposed that the PSP has a sole annual award limit of 200% of salary lwith no higher exceptional limit facilityl.

Frequency of awards

Currently PSP awards are made semi-annually. It is proposed that future awards are made quarterly to reduce the volatility of performance measurements that result from TSR measurements starting from only two points in a financial year.

Performance conditions

Currently PSP awards are subject solely to a TSR performance condition. In future, the Committee believes that PSP awards should be subject half to a TSR performance condition and half to an earnings per share measure. This should provide a balance of internal and external measures to incentivise and reward executives more effectively, whilst also recognising the concerns of institutional investors.

The proposed new performance conditions for the PSP are the same as those set out in the summary of the principal terms of the Matching Share Plan which are being distributed to shareholders with this report.

Matching Share Plan ("MSP")

A summary of the principal terms of the MSP is being distributed to shareholders with this report.

The Remuneration Committee is satisfied that these proposals will ensure that executives' remuneration will be better aligned with shareholders' interests.

Resolution 9

The Company has established two employee benefit trusts for the benefit of employees (including Directors) and former employees (and their dependants) of the Paragon Group. The Company currently operates the trusts so that no more than 5% of the issued share capital of the Company can be held by the trusts in aggregate at any time. It is proposed that this aggregate limit (for shares held by the trusts or any other employee benefit trust establish by a Paragon Group company) should be increased to 7.5% of the issued share capital of the Company.

The increased limit is needed as the 5% limit has been reached and the Company wishes to continue to source shares for its long-term incentive plans through market purchases rather than newly issuing them.

Resolution 10

Under Section 89 of the Companies Act 1985, any shares allotted wholly in cash must be offered to existing shareholders in proportion to their holdings, but this requirement may be modified by the authority of a special resolution of the shareholders in general meeting.

The authority given at the previous Annual General Meeting will expire at the end of this year's Annual General Meeting and Resolution 10 seeks to renew it. The resolution authorises the directors to allot shares for cash, other than to existing shareholders in proportion to their holdings, up to an aggregate nominal value of £594,900, representing approximately 5% of the Company's issued share capital, excluding treasury shares, at 31 October 2005.

Resolution 11

This resolution, which is being proposed as a Special Resolution, will enable the Company to purchase, in the market, up to a maximum of 11.9 million of the Company's ordinary shares (approximately 10% of the issued share capital, excluding treasury shares, at 31 October 2005) for cancellation or to be held in treasury at a minimum price of 10p per share and a maximum price of not more than 105% of the average middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to purchase.

During the year ended 30 September 2005 the Company has, as part of a £20 million repurchase programme, repurchased 1,790,000 shares at a total cost of £8.3 million. The Directors intend to continue with this programme. Any purchases made by the Company will be announced no later than 7.30 a.m. on the business day following the transaction.

Resolution 12

The law governing the extent to which the Company may indemnify and insure directors of the Company or directors of an associated company, previously set out in section 310 of the Companies Act 1985, was amended as of 6 April 2005 by section 19 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 (the "2004 Act"). From 6 April 2005, the Company is permitted to indemnify its directors in respect of liabilities (including legal costs) incurred by them in proceedings brought against them by third parties. However, amongst other things, the indemnity cannot cover liabilities incurred by a director to the Company or any associated company; fines imposed in criminal proceedings and penalties imposed by regulatory authorities; costs incurred in criminal proceedings where the director is convicted or civil proceedings brought by the Company or an associated company where judgment is given against him or her; or costs incurred in proceedings for relief where the court refuses to grant relief.

Article 146 of the current Articles of Association already indemnifies the directors of the Company to the extent permitted by law prior to 6 April 2005. Except in respect of auditors (see below), the existing wording of Article 146 is retained in sub-paragraph (ii) of the revised Article 146 proposed by Resolution 12. In addition to this, however, Resolution 12 proposes to insert the new sub-paragraph (i) to Article 146, which empowers (but does not require) the Company to indemnify directors of the Company to the extent now permissible under the Companies Act 1985.

The other amendment to Article 146 proposed by Resolution 12 is that, whereas the existing Article 146 also provides for the indemnification of the Company's auditors, the revised Article 146 no longer contains such an indemnity. It should be noted, however, that it continues to be lawful, following the changes introduced by the 2004 Act, for the Company to indemnify its auditors against liabilities incurred by them and that, accordingly, where considered appropriate, the Company may from time to time enter into such an indemnity with its auditors.

In addition to the amendments to Article 146, Resolution 12 also proposes a related amendment to Article 102 of the current Articles of Association, which sets out the circumstances in which directors are entitled to be paid their expenses by the Company. The effect of this amendment is to add an express reference to the Company's ability, also introduced by the 2004 Act, to advance funds to a director to cover the costs incurred in defending legal proceedings against him or her.

Approved by the Board of Directors and signed on behalf of the Board.

John G Gemmell Company Secretary

23 November 2005

Corporate social responsibility

The Group believes that the long-term interests of shareholders, employees and customers are best served by acting in a socially responsible manner. As such the Group ensures that a high standard of corporate governance is maintained.

Training and development

The Group has been accredited under the 'Investors in People' scheme since 1997. This demonstrates the Group's commitment to the training and development of employees. The staff appraisal system used by the Group is designed to assist employees in developing their careers within the Group and to identify and provide appropriate training opportunities. The Group's corporate training and development strategy focuses on providing opportunities to develop all of its staff and is central to achievement of the Group's business objectives.

Equality and diversity

The Group is committed to providing a working environment in which employees feel valued and respected and are able to contribute to the success of the business, and to employing a workforce that recognises the diversity of customers. Employees are requested to ∞ -operate with the Group's efforts to ensure the policy is implemented in full.

The Group's aim is that its employees should be able to work in an environment free from discrimination, harassment and bullying and that employees, job applicants, customers, retailers, business introducers and suppliers should be treated fairly regardless of:

- race, colour, nationality, ethnic origins or community background
- 1 gender, sexual orientation, marital or family status
- religious or political beliefs or affiliations
- 1 disability, impairment or age
- real or suspected infection with HIV/AIDS
- membership of a trade union

and that they should not be disadvantaged by conditions or requirements that are unjust or unfair.

Composition of the workforce is reviewed on an annual basis and employee satisfaction with equality of opportunity is monitored as part of the regular employee feedback surveys. Human Resources policies are kept under regular review to ensure that they are non-discriminatory and promote equality of opportunity. In particular, recruitment, selection, promotion, training and development policies and practices are monitored to ensure that all employees have the opportunity to train and develop according to their abilities.

Employees' involvement

The directors recognise the benefit of keeping employees informed of the progress of the business. The Group sponsors a Staff Forum, attended by elected staff representatives from each area of the business, which exists primarily to facilitate communication and dissemination of information throughout the Group and provides a means by which the employees can be consulted on matters affecting them:

Employees are provided with regular information on the performance and plans of the Group, and the financial and economic factors affecting it, through both information circulars and management presentations.

The Company operates a Sharesave share option scheme and a profit sharing scheme, both of which enable employees to benefit from the performance of the business.

The directors encourage the involvement of employees at all levels by the staff appraisal process and through communication between directors, team leaders and teams.

Environmental policy

The Group complies with all applicable laws and regulations relating to the environment and operates a Green Charter, implemented by:

- I Ensuring all buildings occupied by the Group are managed efficiently by the facilities team and building surveyors, for example:
- using low energy lightbulbs where appropriate
- maintaining building temperatures within CIBSE guidelines
- using light controls to reduce lighting in unoccupied areas
- ensuring energy audits are carried out as part of condition surveys
- Providing facilities and negotiating contracts to enable staff to re-cycle used products such as waste paper, toner cartridges, etc.
- Controlling business travel and providing opportunities for staff to travel to work in various ways.
- Displaying a Paragon Green Charter at all sites to encourage staff to be environmentally friendly at all times.

Health and Safety

The office environment is managed so as to comply with the requirements of the Health and Safety at Work Act 1974, Workplace Health, Safety and Welfare Regulations 1992, COSHH Regulations 1988, Disability Discrimination Act 1995, Fire Precautions (Workplace) Regulations 1997 and the Control of Asbestos at Work Regulations 2002.

Appropriate procedures have been established to monitor and maintain the Group's Health and Safety standards. Monitoring is undertaken internally and by external consultants and training is organised for staff from time to time.

Charitable contributions

The Group contributes to registered charities serving the local communities in which it operates. Included in the charitable contributions shown in the Directors' Report are contributions of £76,431 (2004: £68,406) made by the Group to the work of the Foundation for Credit Counselling who operate the Consumer Credit Counselling Service.

The Group supports the efforts of the Paragon Charity Committee, which is made up of volunteer employees and which organises a variety of fundraising activities throughout the year. All employees have the opportunity to nominate a charity and a vote is carried out to select the beneficiary of the year's events.

Report of the Board to the shareholders on directors' remuneration

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 and also sets out how the principles of the Combined Code on Corporate Governance relating to executive directors' remuneration are applied by the Group. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company.

Certain parts of this report are required to be audited. Where disclosures are subject to audit, they have been marked as such

UNAUDITED INFORMATION

Remuneration Committee

The Committee consists of three non-executive directors: Gavin Lickley, David Beever and Robert Dench, who was appointed to the Committee on 23 February 2005. Christopher Newell resigned from the Committee on 28 September 2005.

The Chairman of the Remuneration Committee is Gavin Lickley. None of the directors comprising the Committee has any personal financial interest (other than as a shareholder), conflict of interest arising from cross-directorships or day-to-day involvement in running the business.

The Committee determines the Company's policy on executive remuneration and specific compensation packages for each of the executive directors and the Chairman. No director contributes to any discussion about his own remuneration. The Committee also reviews the level and structure of remuneration of senior management. During the year, the Committee undertook a wide-ranging review of the remuneration structure of executive directors and senior management. Changes resulting from that review, including certain proposals for which shareholder approval is being sought at the Annual General Meeting, are described in later sections of this Report.

The terms of reference of the Committee are available on request from the Company Secretary.

In determining the directors' remuneration for the year, the Committee consulted Mr J P L Perry (Chairman) and Mr N S Terrington (Chief Executive) about its proposals. The Committee also utilised New Bridge Street Consultants LLP to provide advice on structuring directors' remuneration packages. New Bridge Street Consultants LLP advised the Company on various sundry remuneration matters during the year.

Remuneration policy for the Chairman and executive directors

The Company's policy is to ensure that the Chairman and the executive directors are fairly rewarded for their individual performance, having regard to the importance of retention and motivation. The performance measurement of the Chairman and the executive directors and the determination of their annual remuneration packages are undertaken by the Committee.

In forming and reviewing remuneration policy the Committee has given full consideration to the Combined Code on Corporate Governance and has complied with the Code's provisions relating to directors' remuneration throughout the year.

The remuneration packages of the individual directors have been assessed after a review of their individual performances and an assessment of comparable positions in the financial sector and comparably sized FTSE 350 companies from all sectors.

The Chairman and the executive directors receive a combination of fixed and performance-related elements of remuneration. Fixed remuneration consists of salary, benefits in kind and, with the exception of the Chairman, pension scheme contributions. Performance-related remuneration consists of participation in the annual bonus plan and, for the executive directors, the award of shares under the performance share plan from time to time and, subject to approval at the Annual General Meeting, participation in the award of shares under a new matching share plan. The performance-related elements of remuneration are intended to provide a significant proportion of executive directors potential to tal remuneration.

Salary

The Chairman and executive directors' salaries are determined by the Committee at the beginning of each year. In deciding appropriate levels, the Committee considers remuneration levels within the Group as a whole and relies on objective research which gives up-to-date information on comparable companies. Directors' contracts of service will be available for inspection at the Annual General Meeting.

Pension contributions

During the year, the executive directors were members of the Group Retirement Benefits Plan, to which the Company contributes at the same rate as for all members. Dependants of executive directors who are members of the Group Retirement Benefits Plan are eligible for a dependant's pension and the payment of a lump sum in the event of death in service. The pension arrangements provide for a pension of 1/37.5 of basic annual salary (to a maximum of 2/3) for every year of eligible service. Where pension contributions are capped, additional payments are made to enable further provision. The executive directors contribute 5% of eligible salary as participants in the Plan.

The changes in pension entitlements arising in the financial year, the disclosure of which is required by the Financial Services Authority, are given on page 23. There have been no changes in the terms of directors' pension entitlements during the year. There are no unfunded promises or similar arrangements for directors. The Remuneration Committee will, during the year, be reviewing the implications of changes in pensions legislation that will come into effect in April 2006.

Performance bonuses

The Chairman and executive directors participate in an annual bonus scheme under which awards are determined by consideration of several business-specific financial measures, including profit before tax and earnings per share ("EPS") but also including measures relevant to current business plans and objectives, Consideration is also given to individual executive performance. Bonuses are normally paid in November but are accrued in the year to which they relate.

For bonuses relating to years prior to the year ended 30 September 2005, the target cash bonus for executive directors was 100% of salary and the normal maximum ("stretch") bonus was 125% of salary. The directors had the opportunity to receive a quarter of their cash bonus in shares and, in return, receive an equivalent award of 'free' matching shares after three years subject to no further performance criteria. The total target bonus could be, therefore, 125% of salary and the total stretch bonus could be 156.25% of salary. Bonuses above the stretch bonus could be earned for excellent Company performance.

Following comments from leading shareholders and as part of the review of remuneration carried out by the Remuneration Committee during the year, no awards will be made under the previously approved executive share option scheme. As a consequence the annual bonus scheme and the performance share plan have been restructured as detailed below.

Under the revised arrangements the total target bonus for executive directors is now 100% of salary, total stretch bonus is 150% of salary and the bonus payable under the scheme is capped at 200% of salary. [The enhanced levels of bonus will only be triggered by performance levels in excess of those currently required to receive a stretch bonus). One quarter of the bonus is nowcompulsorily deferred in the form of shares, such shares being deemed to be acquired at the average price during the last five dealing days in the September preceding the award. The shares will vest after three years and may be forfeitable if the director were to leave the Company during that time.

Subject to shareholder approval of the new matching share plan at the 2006 Annual General Meeting, executive directors will not participate in respect of bonuses relating to the year ended 30 September 2005 in the previous non-performance matching arrangement. For certain members of senior management, the previous arrangement will continue for the year ended 30 September 2005 but cease thereafter.

As part of the review of remuneration, the Remuneration Committee has determined that the maximum potential. annual bonus for the Chairman will be 62.5% of salary, payable in cash. The Chairman will not participate in the proposed matching share plan.

In determining the level of annual bonus awards for the year ended 30 September 2005, the Committee compared the actual performance of the Company with a series of financial, operational, funding and shareholder value targets agreed at the start of the year by the Committee. the Chairman and the Chief Executive. The targets were based on a business plan which had been prepared using assumptions of stretched performance.

When considering the level of awards, the Committee also considers the performance of individual directors and executives. Approximately 25% of the potential bonus award for each individual is dependent on an assessment by the Committee of personal performance. The Committee made the appropriate assessments of individual performance necessary to justify the relevant awards.

In the demanding economic environment, the overall performance of the Group, together with the exceeding of key financial performance targets and individual performance, justified the award of bonuses appropriate to a 'stretch' level.

Share awards

Over recent years, executive directors have received grants of share options under the Paragon 2000 Executive Share Option Scheme ["ESOS"] and awards of free shares under the Paragon Performance Share Plan ("PSP") approved by shareholders at the 2003 Annual General Meeting.

As mentioned above, following its review of remuneration practice, the Remuneration Committee has determined that, subject to approval by shareholders of the new matching share plan, executive directors will cease to receive share option grants under the ESOS. The ESOS will be retained but grants of share options will only be made in exceptional circumstances, such as recruitment.

Executive directors and other senior executives will continue to receive awards under the PSP. Subject to shareholder approval, executive directors and other senior executives will also receive awards under the new Paragon Matching Share Plan ("MSP").

The Chairman and the executive directors remain entitled to receive options under the Paragon 1999 Sharesave Scheme, on the same terms as other employees.

Paragon Performance Share Plan ("PSP")

Currently the PSP has a 'normat' annual award limit to an individual of shares worth 100% of salary with an exceptional annual limit of shares worth 200% of salary. As grants will no longer be made under the ESOS other than in exceptional circumstances, shareholder approval is being sought for a single annual award limit over shares worth 200% of salary (with no higher exceptional limit facility).

PSP awards have previously been subject to performance testing conditions based on comparing the total shareholder return ("TSR") generated in respect of the Company with the TSR for a group of similar companies. Shareholder approval is now being sought for more demanding performance conditions which will in future also involve a comparison of growth in EPS achieved by the Company and a group of similar companies.

Subject to approval by shareholders of the new proposals, 50% of PSP awards made after 30 September 2005 will be subject to an EPS test and 50% to a TSR test. The growth in the Company's EPS (as adjusted for a common rate of corporation tax) and its TSR will be compared over a single three year period to the performance of the following companies: Alliance & Leicester, Barclays, Bradford & Bingley, Cattles, Eqq. HBOS, Hitachi Capital,

HSBC, Kensington Group, Lloyds TSB, London Scottish Bank, Northern Rock, Provident Financial, Royal Bank of Scotland.

35% of each element of the PSP award will vest for median performance with full vesting for upper quartile performance; between these points awards will vest on a straight-line basis. For below median performance, none of the relevant element of the award will vest. In addition, the Remuneration Committee will have regard to the underlying financial performance of the Company as compared with the level of TSR and EPS performance.

TSR and EPS have been selected as the performance measures for these awards since they provide a balance of internal and external measures to incentivise and reward executives more effectively, whilst also aligning the interests of executives with those of other shareholders. The Company's TSR performance and the TSR and EPS performance of the peer companies will be independently calculated by New Bridge Street Consultants LLP before being reviewed and confirmed by the Remuneration Committee.

Awards under the scheme have hitherto been made at six monthly intervals. In order to reduce the volatility of performance measurements that result from TSR measurements starting from only two points in a financial year, the Board intends, subject to shareholder approval, to increase the frequency of PSP awards to four times per year.

Paragon Matching Share Plan ("MSP")

To align further the interests of executive directors and senior management with those of shareholders, the Board is seeking approval at the Annual General Meeting for a new matching share plan. Awards would be made under the MSP in respect of bonuses relating to the year ended 30 September 2005 and future years.

Under the terms of the MSP, executive directors and senior management will be invited to invest in shares in the Company out of their after-tax cash bonus. Assuming that the executives decide to invest, the shares so acquired must remain held by the executives for three years. At the end of the three-year period and, subject to satisfaction of the same performance conditions as set out for the PSP above, the executives will receive a match in shares on a two-for-one basis related to the number of shares which could have been purchased with the pre-tax equivalent of the bonus invested.

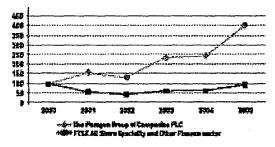
Initially, executive directors will be invited to invest the after-tax equivalent of up to 25% of salary; at such a level, their award would be over 'free' matching shares worth 50% of salary.

The scheme will provide the facility to increase the level of potential investment up to the after-tax equivalent of 50% of salary should the Remuneration Committee feel in future years that this would be appropriate.

Performance graph

The following graph shows the Company's performance, measured by TSR, compared with the performance of the FTSE All Share Speciality and Other Finance sector index, also measured by TSR. The Speciality and Other Finance sector has been selected for this comparison because it is the sector index that contains the Company's shares.

5 Year Return Index for the FTSE All Share Speciality and Other Finance sector as at 30 September 2005



This graph shows the value, by 30 September 2005, of £100 invested in The Paragon Group of Companies PLC on 30 September 2000, compared with £100 invested in the FTSE Speciality and Other Finance sector index. The other points plotted are the values at the intervening financial year ends.

Directors' contracts

The Chairman and executive directors hold one year rolling contracts in line with current market practice and the Remuneration Committee reviews the terms of these contracts regularly.

The current contracts are dated as follows:

JPL Perry

1 March 2004

N S Terrington

1 September 1990

(amended 16 February 1993)

N Keen

6 February 1996

J A Heron

1 September 1990

lamended 14 January and

8 February 1993)

P Pandya

1 October 1994

In the event of early termination, the directors' contracts provide for the payment of salary in lieu of notice.

Of the directors seeking re-election at the Annual General Meeting, Mr N S Terrington and Mr J A Heron each have a service contract with the Company.

None of the executive directors currently earns remuneration from external non-executive appointments.

Non-executive directors

All non-executive directors have specific terms of engagement and their remuneration is determined by the Board, subject to the Articles of Association. From 1 March 2005 all non-executive directors have been paid an annual base fee of £27,000 plus £2,000 for membership of each committee, £5,500 for Remuneration Committee and Audit and Compliance Committee chairmanship and £3,000 for acting as the Senior Independent Director. Prior to 1 March 2005 all non-executive directors were paid an annual base fee of £25,000 plus £2,000 for membership of each committee, £3,000 for Remuneration Committee and Audit and Compliance Committee chairmanship and £3,000 for acting as the Senior Independent Director.

Current terms of engagement apply for the following periods:

C D Newell

1 November 2004 to

1 November 2007

G A F Lickley

21 October 2005 to

21 October 2008

D M M Beever

8 August 2003 to

8 August 2006

R G Dench

29 September 2004 to

29 September 2007

Non-executive directors are not eligible to participate in any of the Company's incentive or pension schemes and are not entitled to receive compensation for early termination of their terms of engagement.

The Chairman of the Remuneration Committee will be available to answer questions on remuneration policy at the Annual General Meeting.

AUDITED INFORMATION

Directors' emoluments

The emoluments of directors holding office during the year were:

	SALARY AND FEES £000	BENEFITS IN KIND £000	ANNUAL BONUS £000	LOSS OF OFFICE E000	2005 TOTAL £000	2004 TOTAL E000
Chairman						
J P L Perry	192	8	112	-	312	308
Executive						
N S Terrington	315	6	344	-	665	549
N Keen	243	5	258	-	506	420
J A Heron	157	13	142	-	312	253
P Pandya	166	6	142	-	314	255
Non-executive						
D M M Beever	35	-	-	_	35	31
R G Dench	30	-	-	-	30	-
D A Hoare	-	-	_	_	-	34
M J R Kelly	-	-	-	-	-	26
G A F Lickley	35	-	-	-	35	31
C D Newell	37	-	-	-	37	33
2005	1,210	38	998	-	2,246	1,940
2004	1,056	30	804	50	1,940	

Benefits in kind comprise private health cover, fuel benefit, life assurance and company car provision.

Directors' pensions

The total amount charged to the profit and loss account of the Group in respect of pension provision for directors was £178,000 (2004: £197,000).

Mr N S Terrington, Mr N Keen, Mr J A Heron and Mr P Pandya were members of the Group defined benefit pension scheme during the year.

The amounts shown below describe their entitlement in accordance with paragraph 12.43A(c) of the Listing Rules.

	INCREASE IN ACCRUED PENSION DURING YEAR EXCLUDING ANY INCREASE FOR INFLATION	TRANSFER VALUE OF INCREASE LESS DIRECTORS' CONTRIBUTIONS	ACCUMULATED TOTAL ACCRUED PENSION AT 30 SEPTEMBER 2005	ACCUMULATED TOTAL ACCRUED PENSION AT 30 SEPTEMBER 2004
	£000	£000	€000	£000
N S Terrington	18	171	114	94
N Keen	4	39	50	45
J A Heron	7	68	61	53
P Pandya	6	42	48	41

The pension entitlement shown is that which would be paid annually on retirement based on services to 30 September 2005. The increase in accrued pension during the year (and transfer value of the increase) excludes any increase for inflation. The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11 less directors' contributions. Members of the scheme have the option to pay Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above table.

The following disclosures describe the pension benefits earned in the year in accordance with Schedule 7(A) of the Companies Act 1985.

	AGE AT YEAR END	DIRECTORS' CONTRIBUTIONS IN THE YEAR £000	INCREASE IN ACCRUED PENSION IN THE YEAR	ACCUMULATED TOTAL ACCRUED PENSION AT YEAR END E000	TRANSFER VALUE OF ACCRUED BENEFITS AT 30 SEPTEMBER 2004 £000	TRANSFER VALUE OF ACCRUED BENEFITS AT 30 SEPTEMBER 2005 £000	DIFFERENCE IN TRANSFER VALUES LESS CONTRIBUTIONS £000
N S Terrington	45	14	20	114	781	1,185	390
N Keen	47	5	5	50	411	566	150
J A Heron	46	7	8	61	456	657	194
P Pandya	40	7	7	47	268	400	124

The pension entitlement shown is that which would be paid annually on retirement based on services to 30 September 2005. The contributions shown are those paid or payable by the directors under the terms of the plan. Members of the scheme have the option to pay Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above table.

The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11 'Retirement Benefit Schemes – Transfer Values' published by the Institute of Actuaries and the Faculty of Actuaries.

The transfer values disclosed above do not represent a sum paid or payable to the individual director. Instead they represent a potential liability of the pension scheme.

During the year the Group made contributions of £92,000 [2004: £81,000] in respect of further pension provision for Mr N Keen. Contributions of £nil [2004: £40,000] in respect of Mr J P L Perry were paid into his personal pension scheme.

Details of share-based awards

Paragon Performance Share Plan

Awards under this plan comprise a right to acquire shares in the Company for nil or nominal payment and will vest on the third anniversary of their granting to the extent that the applicable performance criteria have been satisfied.

Details of individual entitlements of the directors under the Paragon Performance Share Plan at 30 September 2004 and 30 September 2005 are:

DATE FROM WHICH EXERCISABLE	EXPIRY DATE	MARKET PRICE AT AWARD DATE	JPL PERRY	NS TERRINGTON	N KEEN	JA HERON	P PANDYA
		. Allako bare	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
Awards outstanding	g at 30 Septeml	per 2004:					
13/03/2006*	13/09/2006	186.50p	61,184	95,526	69,474	32,895	34,211
02/07/2006*	02/01/2007	291.00p	40,790	63,684	46,316	21,930	22,807
18/12/2006*	18/06/2007	338.90p	31,250	51,953	39,063	21,875	21,875
22/06/2007*	22/12/2007	350.25p	28,036	46,610	35,045	19,625	19,625
			161,260	257,773	189,898	96,325	98,518
Awards made in the	year:					5	
02/12/2007*	02/06/2008	391.75p	-	54,897	41,173	22,102	22,102
02/06/2008*	02/12/2008	408.00p	-	47,034	35,276	18,937	18,937
At 30 September 20	005		161,260	359,704	266,347	137,364	139,557

^{*} The receipt of these shares is subject to the Company's TSR exceeding the TSR of a relevant proportion of the constituents of the FTSE All Share Banks and Speciality and Other Finance sectors. No part of an award vests for below median performance, 25% vests for median performance and 100% vests for upper quartile performance. Between median and upper quartile performance, awards vest on a straight line basis.

Share option schemes

Details of individual options held by the directors at 30 September 2004 and 30 September 2005 are:

DATE FROM WHICH	EXPIRY DATE	OPTION PRICE	JPL PERRY	NS TERRINGTON	N KEEN	JA HERON	P PANDYA
EXERCISABLE		PRICE	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
Options held at 30 S	eptember 2004						
31/03/2001*	31/03/2008	218.00p	120,000	255,000	240,000	48,000	-
31/03/2001	31/03/2005	218.00p	80,000	170,000	160,000	32,000	-
11/01/2002*	11/01/2009	147.50p	_	300,000	-	-	-
17/02/2003†	17/02/2010	147.00p	100,000	100,000	-	-	-
26/05/2003	26/05/2007	148.50p	200,000	200,000	-	45,000	
01/08/2005	01/02/2006	120.64p	-	13,987	-	~	-
27/11/2004†	27/11/2011	248.00p	170,000	300,000	250,000	60,000	60,000
29/07/2005+	29/07/2012	186.50p	20,000	60,000	60,000	80,000	80,000
14/03/2006†	14/03/2013	186.50p	122,368	191,053	138,947	65,789	68,421
01/08/2006	01/02/2007	183.04p	5,053	_	5,053	5,053	
08/12/2006†	08/12/2013	339.00p	58,997	98,083	73,746	41,298	41,298
			876,418	1,688,123	927,746	377,140	249,719
Options granted in t	he year:						
01/12/2007†	01/12/2014	348.38p	-	109,795	82,347	44,205	44,205
01/08/2010	01/02/2011	326.76p	-	5,057	~	~	-
Options exercised in	the year:						
On 30 November 20	04						
31/03/2001*	31/03/2008	218.00p	_	-	-	[48,000]	~
31/03/2001	31/03/2005	218.00p	[80,000]	(170,000)	(160,000)	(32,000)	-
26/05/2003	26/05/2007	148.50p	-	-	-	(45,000)	_
27/11/2004†	27/11/2011	248.00p	-	-	-	(60,000)	
On 22 June 2005							
31/03/2001*	31/03/2008	218.00p	_	-	{240,000}	_	
27/11/2004†	27/11/2011	248.00p	-	-	(250,000)	-	-
On 15 August 2005							
01/08/2005	01/02/2006	120.64p	-	[13,987]	-	-	-
At 30 September 20	05		796,418	1,618,988	360,093	236,345	293,924

^{*} The exercise of these options is conditional upon earnings per share increasing at a rate in excess of the retail price index over the three preceding financial years.

Aggregate gains before taxation made by directors on the exercise of share options during the year were £1,875,000 (2004: £1,467,000). At 30 September 2005 the share price of The Paragon Group of Companies PLC was 531.0p (2004: 341.0p) and the range during the year then ended was 322.0p to 531.0p (2004: 295.0p to 400.0p). The share price on 30 November 2004 was 352.0p, on 22 June 2005, 440.0p and on 15 August 2005, 488.0p.

[†] The exercise of these options is conditional upon the Company's total shareholder return exceeding the total shareholder return for at least half of a specified group of comparator companies.

Deferred bonus shares

Details of individual entitlements of the directors to Deferred Bonus Shares at 30 September 2004 and 30 September 2005 are:

AWARD DATE	TRANSFER DATE	MARKET PRICE AT	JPL PERRY	NS TERRINGTON	N KEEN	JA HERON	P PANÖYA
		AWARD DATE	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
Awards outstanding	g at 30 Septemb	per 2004:					
27/02/2004	01/10/2006	387.60p	29,940	45,284	32,934	13,473	16,467
			29,940	45,284	32,934	13,473	16,467
Awards made in the	e year:						
27/02/2005	01/10/2007	407.75p	14,113	52,694	39,490	20,528	20,528
At 30 September 26	005		44,053	97,978	72,424	34,001	36,995

The Deferred Bonus Shares awarded will be transferred to the scheme participants as soon as is reasonably practicable after the transfer date.

Rights to the following shares are due to be granted in respect of the compulsory deferral of 25% of performance bonuses: for the year ended 30 September 2005. The shares will be transferred to the recipients on 1 October 2008, subject to the recipient being employed by the Company at that time.

N S Terrington 22,904 shares

N Keen

17,178 shares

J A Heron

9,416 shares

P Pandya

9,416 shares

Signed on behalf of the Board of Directors

Chairman of the Remuneration Committee

23 November 2005

Statement of directors' responsibilities in relation to financial statements

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements (on pages 34 to 71), the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent auditors' report

To the members of The Paragon Group of Companies PLC

We have audited the financial statements of The Paragon Group of Companies PLC for the year ended 30 September 2005 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the reconciliation of movement in consolidated shareholders' funds and the related notes 1 to 36. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibility, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We also report to you if, in our opinion, the Company has not complied with any of the four directors' remuneration disclosure requirements specified for our review by the Listing Rules of the Financial Services Authority. These comprise the amount of each element in the remuneration package and information on share options, details of long term incentive schemes, and money purchase and defined benefit schemes. We give a statement, to the extent possible, of details of any non-compliance.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the July 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdomauditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report described as having been audited.

Opinion

In our opinion;

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 September 2005 and of the profit of the Group for the year then ended; and
- the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Debitte Tuche Cer

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

23 November 2005

Corporate governance

The Board of Directors is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance ("Code") issued by the Financial Reporting Council in July 2003. Throughout the year ended 30 September 2005 the Company complied with the provisions of the Code, except for Code provision A4.1 in relation to the constitution of the Nomination Committee. An explanation of this departure is given under the section of this Report headed 'Directors'.

Directors

The Board of Directors comprises the Chairman, four executive and four non-executive directors, all of whom bring to the Company a broad and valuable range of experience. Jonathan Perry has been Chairman since February 1992 and Nigel Terrington Chief Executive since June 1995. In accordance with the Code, all directors will submit themselves for re-election at least once in every three years. The names of the directors in office at the date of this report and their biographical details are set out on page 11.

The division of responsibilities between the Chairman and Chief Executive is clearly established, set out in writing and agreed by the Board. There is a strong non-executive representation on the Board, including David Beever who has been nominated as the Senior Independent Director. This provides effective balance and challenge. The Board is responsible for overall Group strategy, for approving major agreements, transactions and other financing matters and for monitoring the progress of the Group against budget. All directors receive sufficient relevant information on financial, business and corporate issues prior to meetings and there is a formal schedule of matters reserved for decision by the Board, which includes material asset acquisitions and disposals, granting and varying authority levels of the Chairman and the executive directors, determination and approval of the Group's objectives, strategy and annual budget, investment decisions, corporate governance policies and financing and dividend policies.

Normally, there are ten regular Board meetings a year with other meetings being held as required. All directors attended each of the ten regular meetings held during the year ended 30 September 2005 with the exception of David Beever, who attended nine of the meetings.

All of the non-executive directors are independent of management and all are appointed for fixed terms. They are kept fully informed of all relevant operational and strategic issues and bring a strongly independent and experienced judgement to bear on these issues.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that board procedures are complied with. Both the appointment and removal of the Company Secretary are a matter for the Board as a whole.

All directors are able to take independent professional advice in the furtherance of their duties whenever it is considered appropriate to do so.

The Board also operates through a number of committees covering certain specific matters, these being:

The Remuneration Committee, consisting of Gavin Lickley, who chairs the Committee, David Beever and Robert Dench. Christopher Newell was a member of the Committee until 28 September 2005.

During the year ended 30 September 2005 there were five meetings of the Remuneration Committee and all meetings were attended by Gavin Lickley and Christopher Newell, three were attended by David Beever and one meeting was attended by Robert Dench following his appointment to the Committee on 23 February 2005.

Further information about the Remuneration Committee is given in the Report of the Board to the Shareholders on Directors' Remuneration on pages 18 to 26.

1 The Audit and Compliance Committee, consisting of Christopher Newell, who chairs the Committee, David Beever, Gavin Lickley and Robert Dench. The Board is satisfied that all members of the Committee have recent and relevant financial experience. The Committee meets at least three times per year. It monitors the integrity of the Group's financial reporting, reviews the Group's internal control and risk management systems, monitors and reviews the effectiveness of the Group's internal audit function, monitors the relationship between the Group and the external auditors and provides a forum through which the Group's external and internal audit functions report to the non-executive directors. The Committee is also responsible for ensuring that the system and controls for regulatory compliance are effective.

The Audit and Compliance Committee reviews the scope and the results of the annual external audit, its cost effectiveness and the independence and objectivity of the external auditors. Both the Audit and Compliance Committee and the external auditors have in place safeguards to avoid compromises of the independence and objectivity of the external auditors. The Group has a formal policy for the engagement of its external auditors to supply non-audit services. The policy is designed to ensure that neither the nature of the service to be provided nor the level of reliance placed on the services could impact the objectivity of the external auditors' opinion on the Group's financial statements. The policy incorporates a comprehensive system for reporting to the Audit and Compliance Committee all proposals considered and the level of fees payable to the external auditors for the provision of non-audit services.

At each meeting the Audit and Compliance Committee receives reports of reviews conducted throughout the company by the Internal Audit and, from time to time, compliance functions.

The Chairman, Group Chief Executive and other executive directors, Director of Financial Accounting and Group Company Secretary, Director of Business Analysis and Planning, Director of Legal Services, Head of Internal Audit and a Partner from the external auditors normally attend meetings of the Committee.

During the year ended 30 September 2005 there were three meetings of the Audit and Compliance Committee and all members of the Committee we're present at each meeting with the exception of Robert Dench who attended one meeting of the Committee following his appointment to the Committee on 23 February 2005.

the Nomination Committee, consisting of Jonathan Perry, who chairs the Committee, Nigel Terrington and three non-executive directors, David Beever, Robert Dench and Christopher Newell. Following the appointment of Robert Dench to the Committee during the year a majority of the Committee's members are independent non-executive directors, in accordance with Code provision A4.1. The Committee is convened as required to nominatecandidates for membership of the Board, although ultimate responsibility for appointment rests with the Board. There were no meetings of the Nomination Committee in the year ended 30 September 2005 and the Committee will only engage in the process of identification of suitable and idates for appointment to the Board when requested by the Board to do so.

There is a formal process for the appointment of directors, starting with a review of the Board structure, size and composition, leading to the preparation of a written job specification and the identification of suitable candidates. The Nomination Committee ensures that prospective non-executive directors can devote sufficient time to the appointment. The Board recognises the benefits that can flow from non-executive directors holding other appointments but requires them to seek the agreement of the Chairman before entering into any commitments that might affect the time they can devote to the Company. In identifying a suitablecandidate as a non-executive director, the Nomination Committee would usually use a search consultant. The choice of appointee would be based entirely on merit.

- The Asset and Liability Committee, consisting of appropriate heads of functions and chaired by Nigel Terrington, the Chief Executive. It meets regularly and monitors Group interest rate risks, currency risks and treasury counterparty exposures.
- The Credit Committee, consisting of appropriate senior executives and chaired by Nicholas Keen, the Finance Director. It meets regularly and is responsible for establishing credit policy and monitoring compliance therewith.

All Board committees operate within defined terms of reference and sufficient resources are made available to them to undertake their duties.

The composition of the Board and its committees is kept under review, with the aim of ensuring that there is an appropriate balance of power and authority between executive and non-executive directors and that the directors collectively possess the skills and experience necessary to direct the Company and the Group's business activities.

There is an established process for external appointments through the Nomination Committee. Ultimately, the appointment of any new director is a matter for the Board. Executive director appointments are based upon merit and business need. Non-executive appointments are based upon the candidates' profiles matching those drawn up by the Nomination Committee. In all cases the Board approves the appointment only after carefulconsideration.

The Board, individual directors and Board committees are appraised annually. The performance of the Chief Executive is appraised by the Chairman. The performance of the Finance Director and the other executive directors is appraised by the Chief Executive in conjunction with the Chairman. The results of these appraisals are presented to the Remuneration Committee for consideration and determination of remuneration.

In 2004 the Board utilised the services of an external consultant to facilitate a Board evaluation. All Board directors were required to complete a detailed questionnaire on the performance of the Board and Board committees. During 2005 the Board reconsidered the specific matters raised by the questionnaire and, through a discussion facilitated by the Chairman, engaged in a formal and rigorous performance review.

At the Annual General Meeting the Chairman will confirm to shareholders, when proposing the re-election of any non-executive director, that, following formal performance evaluation, the individual's performance continues to be effective and demonstrates commitment to the role.

The non-executive directors meet at least annually to review the performance of the Chairman.

Directors' remuneration

The Remuneration Committee reviews the performance of executive directors and members of senior management prior to determining its recommendations on annual remuneration, performance bonuses and share options for the Board's determination.

The Report of the Board to the Shareholders on Directors' Remuneration is on pages 18 to 26.

Relations with shareholders

The Board encourages communication with the Company's institutional and private investors. All shareholders have at least twenty working days' notice of the Annual General Meeting at which the directors and committee chairmen are available for questions. The Annual General Meeting is held in London during business hours and provides an opportunity for directors to report to investors on the Group's activities and to answer their questions. Shareholders will have an opportunity to vote separately on each resolution and all proxy votes lodged are counted and the balance for and against each resolution is announced.

The Chairman, Chief Executive and Finance Director have a full programme of meetings with institutional investors during the course of the year and the Company's web site at www.paragon-group.co.uk provides access to information on the Company and its businesses.

Accountability and audit

Detailed reviews of the performance of the Group's main business lines are included within the Chairman's Statement and Chief Executive's Review. The Board uses these, together with the Directors' Report on pages 12 to 15 to present a balanced and understandable assessment of the Company's position and prospects.

The directors' responsibility for the financial statements is described on page 27.

An on-going process for identifying, evaluating and managing the significant risks faced by the Group, which is regularly reviewed by the Board, was in place for the year ended 30 September 2005 and to the date of these financial statements. The directors confirm that they have reviewed the effectiveness of the Group's system of internal control for this period and that these procedures accord with the guidance 'Internal Controls: Guidance for Directors on the Combined Code'.

The directors are responsible for the system of internal control throughout the Group and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable, but not absolute, assurance against the risk of material misstatement or loss and that assets are safeguarded against unauthorised use or disposition. In assessing what constitutes reasonable assurance, the directors have regard to the relationship between the cost and benefits from particular aspects of the control system.

The system of internal control includes documented procedures covering accounting, compliance, risk management, personnel matters and operations, clear reporting lines, delegation of authority through a formal structure of mandates, a formalised budgeting, management reporting and reviewprocess, the use of key performance indicators throughout the Group and regular meetings of the Asset and Liability and Credit Committees and senior management.

The Board receives regular reports setting out key performance and risk indicators. In addition the Board operates a formal risk management process, from which the key risks facing the business are identified. The process results in reports to the Board on how these risks are being managed. The Board has a programme of regular presentations from senior management to enable the Board to review the operation of internal controls in relation to the risks associated with their specific areas.

The system of internal control is monitored by management and by an internal audit function that concentrates on the areas of greater risk and reports its conclusions regularly to management and the Audit and Compliance Committee. The internal audit work plan is approved annually by the Audit and Compliance Committee, which reviews the effectiveness of the system of internal control annually and reports its conclusions to the Board.

Going concern basis

After making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Contacts

Registered and head office

St Catherine's Court Herbert Road Solihull West Midlands B91 3QE Telephone: 0121 712 2323

London office

Third Floor 30-34 Moorgate London EC2R 6PQ Telephone: 020 7786 8474

Internet

www.paragon-group.co.uk

Auditors

Deloitte & Touche LLP Chartered Accountants Four Brindleyplace Birmingham B1 2HZ

Solicitors

Slaughter and May One Bunhill Row London EC1Y 8YY

Registrars and transfer office

Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH

Brokers

Hoare Govett Limited 250 Bishopsgate London EC2M 4AA

UBS Limited 1 Finsbury Avenue London EC2M 2PP

Remuneration Consultants

New Bridge Street Consultants LLP 20 Little Britain London EC1A 7DH

Consulting Actuaries

Mercer Human Resource Consulting Limited Four Brindleyplace Birmingham B1 2JQ

Consolidated profit and loss account

For the year to 30 September 2005

•		:	2005	2004	
	Notes	£m	£m	£m	£m
Interest receivable	3		484.4		412.0
Interest payable and similar charges	4		(387.5)		[331.4]
Net interest income			96.9	_	80.6
Other operating income	5		35.9		40.2
Total operating income		_	132.8	_	120.8
Operating expenses					
Other operating expenses		(44.2)		[43.9]	
Amortisation of negative goodwill		4.1	-	5.2	
Total operating expenses			(40.1)		[38.7]
Provisions for losses		_	(15.9)		[11.1]
Operating profit being profit on ordinary					
activities before taxation	8		76.8	*	71.0
Tax charge on profit on ordinary activities	10	_	[16.1]	_	(16.3)
Profit on ordinary activities after taxation					
for the financial year	•		60.7		54.7
Equity dividend	12		(14.4)		(11.0)
Retained profit		_	46.3		43.7
Earnings per share		_		·	
- basic	13		53.3p		48.0բ
- diluted	13		51.1p		46.2

There have been no recognised gains or losses other than the profit for the current and preceding years.

The results for the current and preceding years relate entirely to continuing operations.

There is no material difference between the results as stated above and those determined on the historical cost basis.

Consolidated balance sheet

30 September 2005

•			2005		2004	
	Notes	£m	£m	£m	£m	
Assets employed						
Fixed assets						
Intangible assets						
Negative goodwill	. 14		(9.9)		[14.0]	
Tangible assets	15		3.6		3.4	
Investments						
Assets subject to non-recourse finance	16	1,116.0		1,557.7		
Non-recourse finance	16	(1,075.2)		(1,520.3)		
		40.8		37.4		
Loans to customers	17	5,497.9		4,492.5		
Essils to easterners	• • • • • • • • • • • • • • • • • • • •		5,538.7		4,529.9	
		-	5,532.4	•••	4,519.3	
Current assets						
Stocks	20	3.0		3.4		
Debtors falling due within one year	21	7.7		- 8.8		
Investments	. 21	285.7		230.5		
Cash at bank and in hand		159.5		172.0		
Casil at paint and in Horio			455.9		414.7	
		-	5,988.3	-	4,934.0	
Process of the contract of the		•		-		
Financed by						
Equity shareholders' funds	00		40.4		12.0	
Called-up share capital	22	50.0	12.1		12.0	
Share premium account	23	70.2		68.8		
Merger reserve	23	(70.2)		(70.2)		
Profit and loss account	23	318.7	240 5	270.1	268.7	
			318.7	-		
Share capital and reserves			330.8		280.7	
Own shares	24	-	(22.8)	_	(12.3)	
			308.0		268.4	
Provisions for liabilities and charges	26		2.8		5.6	
Creditors						
Amounts falling due within one year	28	80.6		66.4		
Amounts falling due after more than one year	28	5,596.9		4,593.6		
,		<u>-</u>	5,677.5		4,660.0	
		-	5,988.3	-	4,934.0	
		-		-		

Approved by the Board of Directors on 23 November 2005. Signed on behalf of the Board of Directors

N S Terrington Chief Executive

N Keen Finance Director

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The Paragon Group of Companies PLC 35

Holding company balance sheet

30 September 2005

		2	2005		2004	
	Notes	£m	£m	£m	£m	
Assets employed						
Fixed assets						
Investment in subsidiary companies	18		507.1		426.5	
Current assets						
Debtors falling due within one year	21	59.8		51.4		
Cash at bank and in hand		1.7		0.6		
			61.5		52.0	
			568.6	_	478.5	
Financed by						
Equity shareholders' funds						
Called-up share capital	22		12.1		12.0	
Share premium account	23	70.2		8.86		
Revaluation reserve	23	88.9		51.3		
Profit and loss account	23	169.5		162.6		
			328.6		282.7	
Share capital and reserves		-	340.7	-	294.7	
Own shares	24		(22.8)		[12.3]	
		-	317.9	-	282.4	
Creditors						
Amounts falling due within one year	28	132.5		196.1		
Amounts falling due after more than one year	28	118.2		-		
3			250.7		196.1	
		_	568.6	-	478.5	

Approved by the Board of Directors on 23 November 2005. Signed on behalf of the Board of Directors

N S Terrington Chief Executive N Keen Finance Director

Consolidated cash flow statement

For the year to 30 September 2005

	•	2005	2004
	Notes	£m	£m
Net cash inflow from operating activities	30	132.3	129.3
Taxation		(12.2)	(14.6)
Capital expenditure and financial investment	31(a)	(616.7)	(685.8)
Acquisitions and disposals	31(b)	2.0	-
Equity dividends paid		(12.4)	(8.6)
		(507.0)	(579.7)
Management of liquid resources	33	(55.2)	(85.7)
Financing	31(c)	550.4	686.5
(Decrease)/increase in cash in the year		(11.8)	21.1

Reconciliation of movement in consolidated shareholders' funds

For the year to 30 September 2005

•	2005	2004
	£m	£m
Profit attributable to shareholders	60.7	54.7
Dividend	(14.4)	(11.0)
Purchase of own shares	(12.4)	(2.9)
Exercise of options through ESOP Trust	2.7	0.4
Exercise of other share options	1.5	1.0
Charge for long-term incentive plan	1.5	0.9
Net movement in shareholders' funds	39.6	43.1
Opening shareholders' funds	268.4	225.3
Closing shareholders' funds	308.0	268.4
		

Notes to the accounts

For the year to 30 September 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The particular policies adopted are described below.

- (a) Accounting convention. The accounts are prepared under the historical cost convention, as adjusted for the revaluation of fixed asset investments.
- (b) Basis of consolidation. The consolidated accounts deal with the accounts of the Company and its subsidiaries made up to 30 September 2005. The results of businesses acquired are dealt with in the consolidated accounts from the date of acquisition. As required by Financial Reporting Standard 5 – 'Reporting the Substance of Transactions', quasi-
 - Reporting the Substance of Transactions', quasisubsidiary undertakings are dealt with in the consolidated accounts on the same basis as true subsidiaries, described above.
- (c) Negative goodwill. Negative goodwill arising from the purchase of subsidiary undertakings, representing the excess of the fair values of acquired assets over the fair value of the purchase consideration, is held on the balance sheet and credited to the profit and loss account over the period expected to be benefited by the acquisition, within other operating expenses.
- (d) Tangible fixed assets. Tangible fixed assets are stated at cost less accumulated depreciation.
- (e) Depreciation. Depreciation is provided on cost in equal annual instalments over the lives of the assets. The rates of depreciation are as follows:

Short leasehold premises over the life of the lease
Computer equipment 25% per annum
Furniture, fixtures and
office equipment 15% per annum

25% per annum

(f) Loans to customers. Loans are stated at cost less provision for diminution in value.

The amount provided is an estimate of the amount needed to reduce the carrying value of the asset to its expected recoverable amount and is based on the application of formulae which take into account the nature of each portfolio, borrower payment profile and expected losses.

- (g) Assets subject to non-recourse finance. Certain mortgage loans originated by subsidiary companies had previously been sold to special purpose vehicle companies on a non-recourse basis. The outstanding amount of these loans is disclosed on the face of the balance sheet, with the non-recourse finance deducted from them in accordance with Financial Reporting Standard 5 - 'Reporting the Substance of Transactions'.
- (h) Fixed assets investments. The Company's investments in subsidiary companies are valued by the directors at the Company's share of the book value of their underlying net tangible assets.
- (i) Stocks. Obligations to purchase vehicles from lessors at pre-arranged prices at the end of the lease term are included in stock at the prices to be paid, in accordance with Financial Reporting Standard 5 'Reporting the Substance of Transactions', less any provisions to reduce the prices to net realisable value.

 Other stocks are stated at the lower of cost and net realisable value.
- (j) Current asset investments. Balances shown as current asset investments in the balance sheet comprise short-term deposits with banks with maturities of not more than 90 days and more than 7 days.
- (k) Cash at bank. Balances classified as cash in the balance sheet comprise demand deposits and short term deposits with banks with maturities of not more than 7 days.
- (1) Goodwill. Goodwill arising from the purchase of subsidiary undertakings, representing the excess of the fair value of the purchase consideration over the fair value of the net assets acquired, has previously been written off on acquisition against Group reserves as a matter of accounting policy. Such amounts would be charged or credited to the profit and loss account on any future disposal of the business to which they relate.

Motor vehicles

- (m) Deferred taxation. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.
- (n) Borrowings. Borrowings are stated at their outstanding value less unamortised issue costs and discounts on issue. Discounts on issue of borrowings and initial costs incurred in arranging funding facilities are amortised over the period of the facility.
- (o) Financial instruments. Derivative instruments utilised by the Group comprise currency swap, interest rate swap, interest rate option and forward interest rate agreements. All such instruments are used for hedging purposes to alter the risk profile of the existing underlying exposure of the Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts. The Group does not enter into speculative derivative contracts.
- (p) Other operating income. The turnover and gross profit of Paragon Vehicle Contracts Limited are not derived from the Group's principal activities and the gross profit is therefore included in other operating income. The turnover is shown in note 5.

(q) Pension costs. The expected cost of providing pensions within the funded defined benefit scheme, as calculated periodically by professionally qualified actuaries using the projected unit method, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The charge to the profit and loss account for providing pensions under defined contribution pension schemes is equal to the contributions payable to such schemes for the year.

The Group has adopted the transitional disclosure requirements of Financial Reporting Standard 17 - 'Retirement Benefits'.

- (r) Own shares. Shares in The Paragon Group of Companies PLC held in treasury or by the trustee of the Group's employee share ownership plans are shown on the balance sheet as a deduction in arriving at Equity Shareholders' Funds. Own shares are stated at cost.
- (s) Long-term incentive plan. The cost of shares to be issued under the terms of the Paragon Performance Share Plan is charged to the profit and loss account over the period between the date of grant and the vesting date.
- (t) Leases Rental income and costs under operating leases are credited/charged to the profit and loss account over the period of the leases.
 - Income from hire purchase contracts is accounted for on the actuarial basis. Hire purchase receivables are included within 'Loans to Customers' at the total amount receivable less interest not yet accrued and provision for doubtful debts.
- [u] Brokers' commissions. Brokers' commissions payable on mortgage loans are amortised over an appropriate period. Unamortised commission balances are included within 'Loans to Customers'.

Brokers' commissions payable on other loans are amortised on a straight-line basis over the period of the loans to which they relate. The balances being amortised are included within 'Loans to Customers'.

2. DISPOSAL OF SUBSIDIARY

On 26 October 2004 the Group disposed of a subsidiary, NHL Reversions Limited, for a cash consideration of £2.0m. A profit of £0.9m was realised on this sale. The effect of this disposal on the results of the Group for the year is immaterial. The contributions of NHL Reversions to the operating profit and cash flows of the Group in the year ended 30 September 2005 and the year ended 30 September 2004 were immaterial. No cash balances were disposed of with the subsidiary.

3. INTEREST RECEIVABLE

	2005 £m	2004 £m
Interest on loans to customers	376.8	297.6
Interest on assets subject to non-recourse finance	78.3	92.1
Other interest receivable	29.3	22.3
	484.4	412.0
		

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £m	2004 £m
On asset backed loan notes	232.2	165.9
On corporate bond	4.0	-
On bank loans and overdrafts	49.5	49.0
On non-recourse finance	66.9	79.3
Amortisation of brokers' commissions payable		
On loans to customers	34.9	33.2
On assets subject to non-recourse finance	-	4.0
	387.5	331.4

5. OTHER OPERATING INCOME

Other operating income includes the gross profit of the Group's vehicle contract hire business as follows:

	2005 £m	2004 £m
Turnover	4.9	5.0
Cost of sales	14.6)	(4.6)
Gross profit	0.3	0.4

Included within other operating income is income from property leases of £1.8m (2004: £1.8m).

6. EMPLOYEES

The average number of persons (including directors) employed by the Group during the year was 692 (2004: 730). Staff costs incurred during the year in respect of these employees were:

	2005 £m	2004 £m
Wages and salaries	19.2	17.2
Social Security costs	1.6	2.0
Other pension costs	2.2	1.1
	23.0	20.3
Long-term incentive plan	1.5	0.9
National Insurance on share-based remuneration	2.3	0.7
	26.8	21.9

Details of the pension schemes operated by the Group are given in note 27.

7. COST: INCOME RATIO

Cost:income ratio is derived as follows:

	2005 £m	2004 £m
Operating expenses	(40.1)	(38.7)
Less Amortisation of negative goodwill	[4.1]	[5.2]
•	[44.2]	[43.9]
	÷	÷
Total operating income	132.8	120.8
Cost:income ratio	33.3%	36.3%

8. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging/(crediting):

	2005	2004
	€m	£m
Depreciation	1.3	1.6
Amortisation of negative goodwill	(4.1)	(5.2)
Hire of plant and machinery	0.1	0.1
Property rents payable	5.2	5.2

The operating profit for the period excluding goodwill comprises the operating profit of £76.8m (2004: £71.0m) less the credit for the amortisation of negative goodwill of £4.1m (2004: £5.2m).

9. FEES PAID TO AUDITORS

7.1 ELST AID TO ADDITIONS	2005 £000	2004 £000
Audit fees		
Paid to Group auditors	405	328
Paid to other auditors	•	170
Total audit fees for Group	405	498
Company audit fee	22	21

A more detailed analysis of the amounts charged to the profit and loss account or included within the issue costs of debt in respect of fees paid to the Group auditors and their associates is given below:

	2005 £000	2005	2004 €000	2004
Audit services				
Statutory audit - UK	405	48%	311	47%
Statutory audit - Overseas	-	-	° 17	3%
Audit-related regulatory reporting	12	1%	12	2%
	417	49%	340	52%
Further assurance services			-	
Securitisation services	144	17%	90	14%
'Due diligence' services		-	5	1%
Other services	69	8%	15	2%
	213	25%	110	17%
Tax services				
Compliance services	129	15%	117	18%
Advisory services	88	11%	88	13%
	217	26%	205	31%
	847	100%	655	100%

10. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005 £m	2004 £m	
Current tax			
UK Corporation Tax on profits of the period	17.5	16.5	
Adjustment in respect of prior periods	•	[0.3]	
Write-back of Advance Corporation Tax (ACT)	-	(0.7)	
Total current tax	17.5	15.5	
Deferred tax (note 26)			
Origination and reversal of timing differences	(1.4)	3.1	
Recognition of asset not previously recognised	-	(2.4)	
Adjustment in respect of prior periods	•	0.1	
Total deferred tax	(1.4)	0.8	
Tax charge on profit on ordinary activities	16.1	16.3	

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below.

	2005	2004
	£m	£m
Profit on ordinary activities before taxation	76.8	71.0
Profit on ordinary activities multiplied by standard rate		•
of corporation tax in the UK of 30% (2004: 30%)	23.0	21.3
Effects of:		
Reversal of timing differences	(3.7)	(3.1)
Permanent differences	(1.8)	{1.7}
ACT credit	-	(0.7)
Prior year credit	-	(0.3)
Current tax charge for the year	17.5	15.5

(c) Factors that may affect future tax charges

The Group will not be taxable on the amortisation of the negative goodwill arising on the acquisition of Mortgage Trust Limited in future periods. In addition the Group currently has £0.3m of ACT (2004: £0.3m) which has not been recognised together with approximately £24.0m of tax losses (2004: £22.0m) in subsidiary companies. Future tax charges will be reduced from the standard rate if profits arise in the appropriate subsidiaries.

In addition, the Group has capital losses in excess of £40.0m (2004: £40.0m) which are available to offset against future capital gains of the Group.

11. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARAGON GROUP OF COMPANIES PLC

The holding company's profit after tax for the financial year amounted to £19.0m (2004: £34.7m). A separa te profit and loss account has not been prepared for the holding company under the provisions of Section 230 of the Companies Act 1985.

12. EQUITY DIVIDEND

	2005 PER SHARE	2004 PER SHARE	2005 Em	2004 £m
Equity dividend on ordinary shares				
Interim paid	5.2p	3.9p	6.0	4.5
Proposed final	7.4p	5.7p	8.4	6.5
	12.6p	9.6p	14.4	11.0

13. EARNINGS PER SHARE

Earnings per ordinary share is calculated as follows:

	2005	2004
Profit for the year	£60,700,000	£54,700,000
Basic weighted average number of ordinary shares ranking for dividend during the year	114,055,451	113,942,576
Dilutive effect of the weighted average number of share options and incentive plans in issue during the year	4,949,671	4,364,990
Diluted weighted average number of ordinary shares ranking for dividend during the year	119,005,122	118,307,566
Earnings per ordinary share - basic - diluted	53.3p 51.1p	48.0p 46.2p

14. INTANGIBLE FIXED ASSETS

	NEGATIVE GOODWILL £m
Cost	
At 1 October 2004 and at 30 September 2005	21.3
Accumulated amortisation	
At 1 October 2004	7.3
Credit for the year	4.1
At 30 September 2005	11.4
Net book value	
At 30 September 2005	9.9
At 30 September 2004	14.0

Negative goodwill is being written off over the lives of the mortgage assets acquired. It is currently expected that substantially all of this balance would be amortised within five years under this policy.

15. TANGIBLE FIXED ASSETS

		SHORT ASEHOLD PREMISES	PLANT AND MACHINERY	TOTAL
		£m	£m	£m ,
Cost				
At 1 October 2004		2.7	10.3	13.0
Additions		-	1.7	1.7
Disposals		-	(3.6)	[3.6]
At 30 September 2005		2.7	8.4	11.1
Accumulated depreciation		-		
At 1 October 2004		1.4	8.2	9.6
Charge for the year		0.1	1.2	1.3
On disposals		-	(3.4)	(3.4)
At 30 September 2005		1.5	6.0	7.5
Net book value				
At 30 September 2005		1.2	2.4	3.6
At 30 September 2004		1.3	2.1	3.4

16. ASSETS SUBJECT TO NON-RECOURSE FINANCE

Prior to its acquisition by the Group, certain loans originated by Mortgage Trust Limited had been sold to companies, ultimately beneficially owned by charitable trusts, which had raised non-recourse finance to fund these purchases. The Group is not obliged to support any losses of these companies and does not intend to do so. This is clearly stated in the terms and conditions under which the finance was raised, which provide that the finance providers will receive interest and repayment of principal only to the extent that sufficient funds are generated by the mortgage portfolios acquired by each company.

The priority and amount of claims on the proceeds generated by the assets are determined in accordance with a strict priority of payments. The Group receives net income from the mortgages after the claims of the finance providers have been satisfied in full. The finance providers have no recourse to the Group in any form.

The amounts included within Fixed Asset Investments in the Group balance sheet in respect of these companies are:

	2005 £m	2004 £m
Loans to customers	1,030.8	1,458.4
Cash at bank and in hand	85.2	99.3
Assets subject to non-recourse finance	1,116.0	1,557.7
Asset backed bank loans	31.8	28.4
Asset backed loan notes	1,043.4	1,491.9
Non-recourse finance	1,075.2	1,520.3
At 30 September 2005	40.8	37.4

Arianty No. 1 plc has a similar structure, but due to the specific requirements of this arrangement, the linked presentation above is not appropriate and the assets and liabilities of the company are fully consolidated.

The companies party to these arrangements are:

PRINCIPAL ACTIVITY
Residential mortgages
Residential mortgages
Residential mortgages
Residential mortgages
Residential mortgages
Residential mortgages
Residential mortgages
Residential mortgages

All of the above companies are registered and operate in England and Wales and are accounted for as quasi-subsidiaries in the consolidated accounts of the Group.

 $The summarised \ balance \ sheet \ before \ consolidation \ adjustments \ of \ the \ above \ companies \ is \ as \ follows:$

Assets employed Fixed assets 1,039.8 1,695.2 Current assets 0.3 0.4 Debtors falling due within one year 0.3 0.4 Cash at bank and in hand 86.0 104.6 Intended by 1,126.1 1,800.2 Equity shareholders' funds 0.1 0.1 Called-up share capital 0.1 0.1 Profit and loss account 0.3 0.2 Caditors 8.6 3.6 Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Interest receivable 82.0 108.8 10.8 Interest receivable 82.0 108.8 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.9		2005 £m	2004 £m
Loans to customers 1,039,8 1,695,2 Current assets 0.3 0.4 Cash at bank and in hand 86.0 104.6 Equity shareholders' funds Equity shareholders' funds Called-up share capital 0.1 0.1 Profit and loss account 0.3 0.2 Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Interest receivable 82.0 108.8 Interest payable (67.9) 190.8 Total operating income 14.1 18.0 Operating expenses (13.5) (18.0) Provisions for losses (0.5) 0.2	Assets employed		
Current assets Debtors falling due within one year 0.3 0.4 Cash at bank and in hand 86.0 104.6 Interest receivable Interest receivable Interest payable Financed by 20.1 0.1 Equity shareholders' funds Called-up share capital 0.1 0.1 Profit and loss account 0.3 0.2 Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 Interest receivable are consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Em Em Interest receivable are receivable are consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Em Em	Fixed assets		
Debtors falling due within one year	Loans to customers	1,039.8	1,695.2
Cash at bank and in hand 86.0 104.6 In,126.1 1,800.2 Financed by Equity shareholders' funds Called-up share capital 0.1 0.1 Profit and loss account 0.3 0.2 Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Interest receivable 82.0 108.8 Interest receivable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses [13.5] [18.0] Provisions for losses (0.5) 0.2	Current assets		
1,126.1 1,800.2	Debtors falling due within one year	0.3	0.4
Financed by Equity shareholders' funds 0.1 0.1 Called-up share capital 0.3 0.2 Profit and loss account 0.4 0.3 Creditors Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 and £m Interest receivable 82.0 108.8 Interest payable (67.9) (90.8) Total operating income 14.1 18.0 Operating expenses (13.5) (18.0) Provisions for losses (0.5) 0.2	Cash at bank and in hand	86.0	104.6
Equity shareholders' funds Called-up share capital 0.1 0.1 Profit and loss account 0.4 0.3 Creditors Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Em Interest receivable Interest receivable Interest payable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses [13.5] [18.0] Provisions for losses (0.5) 0.2		1,126.1	1,800.2
Called-up share capital 0.1 0.1 Profit and loss account 0.3 0.2 Creditors 0.4 0.3 Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 1,126.1 1,800.2 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Interest receivable Interest payable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses [13.5] [18.0] Provisions for losses (0.5) 0.2	•		
Profit and loss account 0.3 0.2 0.4 0.3 Creditors 48.6 3.6 Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 1,126.1 1,800.2 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Interest receivable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses (13.5) (18.0I Provisions for losses (0.5) 0.2	Equity shareholders' funds		
Creditors 48.6 3.6 Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Interest receivable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses (13.5) (18.0) Provisions for losses (0.5) 0.2	•	0.1	
Creditors Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 1,126.1 1,800.2 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Em Interest receivable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses [13.5] [18.0] Provisions for losses (0.5) 0.2	Profit and loss account	0.3	0.2
Amounts falling due within one year 48.6 3.6 Amounts falling due after more than one year 1,077.1 1,796.3 1,126.1 1,800.2 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Interest receivable 82.0 108.8 Interest payable [67.9] [90.8] Total operating income 14.1 18.0 Operating expenses [13.5] [18.0] Provisions for losses (0.5] 0.2		0.4	0.3
Amounts falling due after more than one year 1,077.1 1,796.3 1,126.1 1,800.2 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Em Interest receivable Interest payable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses [13.5] [18.0] Provisions for losses (0.5) 0.2	Creditors		
Amounts falling due after more than one year 1,077.1 1,796.3 1,126.1 1,800.2 The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Em Interest receivable Interest payable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses [13.5] [18.0] Provisions for losses (0.5) 0.2	Amounts falling due within one year	48.6	3.6
The summarised profit and loss accounts before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 for the companies named above are as follows: 2005 2004 Em Em Interest receivable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses [13.5] (18.0] Provisions for losses (0.5) 0.2		1,077.1	1,796.3
30 September 2005 for the companies named above are as follows: 2005 Em 2004 Em 2004 Em 2004 Em 2004 Em Em Em Em Em Em Em Interest receivable 82.0 108.8 108.8 Interest payable [67.9] [90.8] 17.8 18.0 18		1,126.1	1,800.2
2005 Em 2004 Em 2004 Em 2004 Em 2004 Em Em Em Em Em Em Em Interest payable 108.8 Interest payable 108.8 Interest payable [90.8] 10.8 Interest payable 14.1 Interest payable 18.0 Interest payable 18			ember 2004 and
fem fem Interest receivable 82.0 108.8 Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses (13.5) (18.0) Provisions for losses (0.5) 0.2	to be provided above the companies number above are as tollows		2004
Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses (13.5) (18.0) Provisions for losses (0.5) 0.2			
Interest payable (67.9) [90.8] Total operating income 14.1 18.0 Operating expenses (13.5) (18.0) Provisions for losses (0.5) 0.2	Interest receivable	82.0	108.8
Operating expenses [13.5] [18.0] Provisions for losses (0.5) 0.2			
Operating expenses (13.5) (18.0) Provisions for losses (0.5) 0.2	Total operating income	14.1	18.0
Provisions for losses (0.5) 0.2	•		(18.0)
Profit on ordinary activities before taxation 0.1 0.2		******	0.2
	Profit on ordinary activities before taxation	0.1	0.2

Operating expenses includes provision for amounts payable to the Group of £13.4m (2004: £17.8m).

There have been no recognised gains and losses in any of these companies, other than the result for the period.

16. ASSETS SUBJECT TO NON-RECOURSE FINANCE (continued)

The summarised cash flows for the above companies, before consolidation adjustments for the years ended 30 September 2004 and 30 September 2005 are as follows:

	2005 Em	2004 £m
0.11.10.10.00	4.5	
Cash (outflow)/inflow from operating activities	(1.5)	0.1
Capital expenditure and financial investment	655.4	0.5
	653.9	8.0
Financing	(672.4)	[6.0]
(Decrease) in cash in the period	(18.5)	
17. LOANS TO CUSTOMERS	2005	2007
	2005 £m	2004 £m
Cost	×	
At 1 October 2004	4,492.5	3,051.3
Additions	2,027.6	1,759.8
Disposals	(1.1)	-
Refinancing of non-recourse finance	•	576.9
Amortisation of commissions	[34.9]	(33.2)
Other debits	367.0	344.1
Repayments and redemptions	(1,353.2)	[1,206.4]
At 30 September 2005	5,497.9	4,492.5

Included in loans to customers are £182.8m (2004: £218.6m) of hire purchase receivables. The aggregate rentals receivable during the year in respect of hire purchase contracts were £22.0m (2004: £28.5m). The cost of assets acquired by the Group for the purposes of letting under hire purchase contracts amounted to £126.3m (2004: £147.5m).

'Other debits' includes primarily interest receivable on loans outstanding and movements on provisions against these loans.

18. INVESTMENT IN SUBSIDIARY COMPANIES

		2005 £m	2004 £m
Shares in Group companies			
At 1 October 2004		313.1	249.0
Additions during the year		5.0	35.3
Disposals		-	(4.0)
Revaluation			
Provision credited to the profit and loss account	t	10.5	17.6
Credited to the revaluation reserve		37.6	15.2
		366.2	313.1
Loans to Group companies			
At 1 October 2004		113.4	93.1
Additions during the year		27.1	17.7
Revaluation			
Provision credited to the profit and loss account	t	0.4	2.6
		140.9	113.4
At 30 September 2005		507.1	426.5
Comparable amounts determined according to the	e historic cost convention a	re:	
	SHARES IN GROUP COMPANIES	LOANS TO GROUP COMPANIES	TOTAL
	£m	£m	£m
Cost	371.4	141.0	512.4
Provision	[94.1]	(0.1)	[94.2]
At 30 September 2005	277.3	140.9	418.2
At 30 September 2004	261.8	113.4	375.2

18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Principal operating subsidiaries comprise:

	HOLDING	PRINCIPAL ACTIVITY
Direct subsidiaries of The Paragon Group of Companies PLC		
Paragon Finance PLC	100%	Residential mortgages and asset administration
Mortgage Trust Limited	100%	Residential mortgages
Paragon Mortgages Limited	100%	Residential mortgages
Homeloans (No. 4) PLC	74%	Residential mortgages
Paragon Vehicle Contracts Limited	100%	Vehicle fleet management
Paragon Car Finance Limited	100%	Vehicle finance
Paragon Personal Finance Limited	100%	Unsecured lending
Paragon Mortgages (No. 3) PLC	100%	Residential mortgages
Paragon Mortgages (No. 4) PLC	100%	Residential mortgages
Paragon Mortgages (No. 5) PLC	100%	Residential mortgages
Paragon Mortgages (No. 6) PLC	100%	Residential mortgages
Paragon Mortgages (No. 7) PLC	100%	Residential mortgages
Paragon Mortgages (No. 8) PLC	100%	Residential mortgages
Paragon Mortgages (No. 9) PLC	100%	Residential mortgages
Paragon Loan Finance (No. 1) PLC	100%	Loan and vehicle finance
Paragon Loan Finance (No. 2) PLC	100%	Loan and vehicle finance
Paragon Personal and Auto Finance (No. 2) PLC	100%	Loan and vehicle finance
Paragon Personal and Auto Finance (No. 3) PLC	100%	Loan and vehicle finance
Paragon Secured Finance (No. 1) PLC	100%	Loan finance
Subsidiary of Paragon Mortgages Limited		
Paragon Second Funding Limited	100%	Residential mortgages and loan and vehicle finance
Subsidiaries of Mortgage Trust Limited		
Mortgage Trust Services plc	100%	Residential mortgages and asset administration
First Flexible No. 6 PLC	74%	Residential mortgages

The holdings shown above are those held by the Group. These are the same as those held by the holding company, except that The Paragon Group of Companies PLC holds only 76% of the share capital of Paragon Mortgages (No. 8) PLC and Paragon Mortgages (No. 9) PLC, the remainder being held by other group companies.

The issued share capital of all subsidiaries consists of ordinary share capital, except that Homeloans (No. 4) PLC and First Flexible No. 6 PLC have additional preference share capital held by the Group. The financial year end of all of the above companies is 30. September. They are all registered and operate in England and Wales.

The minority interests in Homeloans (No. 4) PLC and First Flexible No. 6 PLC are not material.

19. QUASI-SUBSIDIARIES

Realisations (Guernsey) Limited, a company registered and operating in the Bailiwick of Guernsey in which the controlling interest is held by a discretionary trust established for charitable purposes, was set up to acquire the controlling interest in Homeloans (Jersey) Limited from the Group as part of a financing arrangement. Homeloans (Jersey) Limited is a company registered in the Bailiwick of Jersey and operating in the United Kingdom.

As a result of the arrangements for this transaction, according to the definition set out in Financial Reporting Standard'S – Reporting the Substance of Transactions', the Group gains the benefits arising from the net assets of Realisations (Guernsey) Limited and its subsidiary and hence they are treated as quasi-subsidiaries of the Group.

Other quasi-subsidiary companies, relating to the funding arrangements of Mortgage Trust are described in note 16.

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20. 3100K3	· · · · · · · · · · · · · · · · · · ·	2005 £m		2004 £m
Residual purchase obligations		2.6		3.1
Vehicles on extended hire or held for resale		0.4		0.3
	-	3.0	9	3.4
21. DEBTORS				
	THE G 2005	2004	THE CI 2005	2004 2004
	£m	2004 £m	2003 £m	£m
Amounts falling due within one year				
Amounts owed by Group companies	-	-	59.8	50.7
Tax debtors	1.1	1.2	-	-
Other debtors	6.1	6.4	-	0.7
Prepayments and accrued income	0.5	1.2	-	-
	7.7	8.8	59.8	51.4
22. CALLED-UP SHARE CAPITAL				
		2005		2004
		Em		£m
Authorised:				
175,000,000 (2004: 175,000,000) ordinary shares of 10p each	_	17.5	_	17.5
Allotted and paid-up:	•		_	
120,762,342 (2004: 119,891,708) ordinary shares of 10p each		12.1	-	12.0

During the year 679,307 ordinary shares (£67,931 par value) were issued for £1,239,633 and a further 191,327 (£19,132 par value) were issued for £231,334. These issues were made under the executive share option schemes and the Sharesave scheme respectively.

23. RESERVES

(a) The Group	SHARE PREMIUM ACCOUNT	MERGER RESERVE	PROFIT AND LOSS ACCOUNT	TOTAL
	£m	£m	£m	£m
Balance at 1 October 2004	68.8	(70.2)	270.1	268:7
Share options exercised	1.4	-	8.0	2.2
Charge for long-term incentive plan	-	-	1.5	1.5
Retained profit for the year	<u>-</u>	<u></u>	46.3	46.3
Balance at 30 September 2005	70.2	(70.2)	318.7	318.7

The cumulative amount of goodwill on acquisitions written off to reserves is £56.4m (2004: £56.4m). This balance has been offset against the profit and loss account to ensure compliance with Financial Reporting Standard 10 – 'Goodwill and Intangible Assets'.

(b) The Company	SHARE PREMIUM ACCOUNT	REVALUATION RESERVE	PROFIT AND: LOSS ACCOUNT	TOTAL
	£m	£m	£m	£m
Balance at 1 October 2004	68.8	51.3	162.6	282.7
Revaluation of investments in subsidiaries	-	37.6	-	37.6
Share options exercised	1.4	-	0.8	2.2
Charge for long-term incentive plan	-	-	1.5	1.5
Retained profit for the year	-	-	4.6	4.6
Balance at 30 September 2005	70.2	88.9	169.5	328.6

The difference between the reserves of the Group and the reserves of the Company of £9.9m (2004: £14.0m) represents the negative goodwill capitalised and being written off on the acquisition of Mortgage Trust Limited.

24. OWN SHARES

2005 £m	2004 Em
-	-
8.3	-
8.3	-
	
12.3	9.8
4.1	2.9
(1.9)	(0.4)
14.5	12.3
22.8	12.3
	8.3 8.3 8.3 12.3 4.1 (1.9) 14.5

At 30 September 2005 the number of the Company's own shares held in treasury was 1,790,000 (2004: nil). These shares had a nominal value of £179,000 (2004: £nil). The dividends on these shares have been waived.

The ESOP shares are held in trust for the benefit of employees exercising their options under the Company's share option schemes and awards under the Paragon Performance Share Plan and Deferred Bonus Scheme. The trustee's costs are included in the operating expenses of the Company. At 30 September 2005, the trust held 5,994,552 shares (2004: 6,128,230) with a nominal value of £599,455 (2004: £612,823) and a market value of £31,831,071 (2004: £20,897,264). Options, or awards under the Paragon Performance Share Plan or Deferred Bonus Scheme were outstanding against 5,952,101 of these shares at 30 September 2005 (2004: £6,030,042). The dividends on these shares have not been waived.

25. RIGHTS TO THE ALLOTMENT OF SHARES

(a) Share Options

Options have been granted to directors and senior employees from time to time, on the basis of performance and at the discretion of the Remuneration Committee. Further details of the share option schemes are given in the Report of the Board to the Shareholders on Directors' Remuneration on pages 24 to 26.

Options are outstanding under the Executive Share Option and the All Employee Share Option schemes to purchase 5,814,891 ordinary shares of 10p each (2004: 7,250,721) as follows:

NUMBER	PERIOD EXERCISABLE	PRICE
435,000	31/03/2001 to 31/03/2008	· 218.00p
480,000	11/01/2002 to 11/01/2009	147.50p
100,000	27/09/2002 to 27/09/2006	209.50p
285,000	17/02/2003 to 17/02/2010	147.00p
600,000	26/05/2003 to 26/05/2007	148.50p
27,974	01/08/2005 to 01/02/2006	120.64p
830,000	27/11/2004 to 27/11/2011	248.00p
540,000	29/07/2005 to 29/07/2012	186.50p
620	23/12/2005 to 23/12/2012	161.50p
782,237	14/03/2006 to 14/03/2013	186.50p
408,890	01/08/2006 to 01/02/2007	183.04p
141,114	01/08/2008 to 01/02/2009	183.04p
432,890	18/12/2006 to 18/12/2013	339.00p
40,000	01/06/2007 to 01/06/2014	322.50p
434,552	01/12/2007 to 01/12/2014	348.38р
160,735	01/08/2008 to 01/02/2009	326.76p
115,879	01/08/2010 to 01/02/2011	326.76р

A number of the above options were granted to former employees whose rights terminate at the later of twelve months following redundancy or forty-two months after the issue of the options.

(b) Paragon Performance Share Plan

Conditional entitlements to the allotment of 1,832,045 ordinary shares of 10p each {2004: 1,288,612} are outstanding under the Paragon Performance Share Plan. Awards under this plan comprise a right to acquire shares in the Company for nil or nominal payment and will vest on the third anniversary of their granting to the extent that the applicable performance criteria have been satisfied.

The Company's total shareholder return over the three year period will be compared to that of the constituents of the FTSE All Share 'Banks' and 'Speciality and Other Finance' sectors. No part of an award shall vest for a below median performance. 25% of the award shall vest for a median performance. An award will only vest fully for an upper quartile performance, and between these two points awards will vest on a straight line basis. The awards will lapse to the extent that the performance condition has not been satisfied on the third anniversary.

The conditional entitlements outstanding under this scheme at 30 September 2005 were:

NUMBER	PERIOD EXERCISABLE		
451,118	13/03/2006 to 13/09/2006		
260,748	02/07/2006 to 02/01/2007		
289,533	18/12/2006 to 18/06/2007		
268,169	22/06/2007 to 22/12/2007		
297,273	02/12/2007 to 02/06/2008		
265,204	02/06/2008 to 02/12/2008	*	

(c) Deferred Bonus Scheme

Conditional entitlements to the allotment of 360,377 ordinary shares [2004: 170,430] of 10p each are outstanding under the Deferred Bonus Scheme. Awards under this scheme comprised a right to acquire shares in the Company for nil or nominal payment and will vest on the third anniversary of their granting.

The conditional entitlements outstanding under this scheme at 30 September 2005 were:

NUMBER	TRANSFER DATE	
170,430	01/10/2006	
189,947	01/10/2007	

The shares awarded will be transferred to the scheme participants as soon as is reasonably practicable after the transfer date.

26. PROVISIONS FOR LIABILITIES AND CHARGES

(a) The Group	DEFERRED TAXATION	OTHER PROVISION	TOTAL	
	£m	£m	£m	
Provision at 1 October 2004	2.1	3.5	5.6	
Current year (credit)/charge	(1.4)	0.4	[1.0]	
Utilised in the year	-	[1.2]	[1.2]	
Released in the year	-	[0.6]	(0.6)	
Provision at 30 September 2005	0.7	2.1	2.8	

The other provisions include committed future lease costs for properties no longer occupied by the Group and costs associated with the decision to relocate certain of the operations of Mortgage Trust to the Group's head office. The relocation provision had reduced to zero at 30 September 2005, the other provisions are expected to be utilised within five years.

The liability for deferred taxation for which provision has been made is analysed as follows:

	2005 £m ²	2004 £m
Accelerated capital allowances	(2.4)	-
Other timing differences	3.1	2.1
Provision at 30 September 2005	0.7	2.1

In addition there are unprovided deferred tax assets of approximately £7.3m (2004: £13.0m). These predominantly arise from pre-acquisition losses in Mortgage Trust companies acquired in the year ended 30 September 2003 and will only be available to offset against future profits of a suitable nature arising in these companies. The directors consider that there is insufficient evidence that such profits will arise to justify the recognition of a deferred tax asset in respect of these balances.

(b) The Company

There is no potential liability for deferred tax in the holding company either at 30 September 2005 or 30 September 2004.

27. PENSIONS

During the year the transitional provisions of Financial Reporting Standard 17 – 'Retirement Benefits' ('FRS 17') continue to be in force. This standard will require assets or liabilities arising from defined benefit pension schemes to be evaluated and accounted for in companies' primary financial statements on a new basis.

As a transitional measure, the standard requires that information relating to the pension asset or liability calculated on the new basis is disclosed by way of memorandum in the notes to the accounts. These disclosures are given at [a] below. The Standard provides that the asset or liability recognised in the accounts at 30 September 2005 should continue to be calculated according to Statement of Standard Accounting Practice 24 – 'Accounting for Pension Costs' ('SSAP 24'). Disclosures relating to this calculation are given at [b] below.

Disclosures in respect of defined contribution pension schemes under both standards are given at (c) below.

The pension scheme asset calculated in accordance with SSAP 24 and recognised in the balance sheet of the Group at 30 September 2005 was £0.0m (2004: £0.0m) and the liability at that date calculated in accordance with FRS 17 was £10.2m (2004: £10.0m). The difference of £10.2m (2004: £10.0m) relates to the differing bases of calculation.

(a) Disclosures made in accordance with FRS 17

The Group operates a defined benefit pension scheme in the UK. A full actuarial valuation was carried out at 31 March 2004 and updated to 30 September 2005 by a qualified independent actuary. The service cost has been calculated using the Projected Unit method. As a result of the Plan being closed to new entrants, the service cost will increase as the members of the Plan approach retirement. The major assumptions used by the actuary were (in nominal terms):

	30 SEPTEMBER 2005	30 SEPTEMBER 2004	30 SEPTEMBER 2003
Rate of increase in salaries	3.50% p.a.	3.75% p.a.	3.50% p.a.
Rate of increase in deferred pensions in excess		•	
of GMP which receives statutory revaluation	2.50% p.a.	2.75% p.a.	2.50% p.a.
Rate of increase in pensions in payment in excess			
of GMP which receives statutory increases	2.50% p.a.	2.75% p.a.	2.50% p.a.
Discount rate	5.10% p.a.	5.60% p.a.	5.40% p.a.
Inflation assumption	2.50% p.a.	2.75% p.a.	2.50% p.a.

27. PENSIONS (continued)

The assets in the Plan at 30 September 2005, 30 September 2004 and 30 September 2003 and the expected rate of return were:

	AT 30 SEPTI	EMBER 2005	AT 30 SEPTEMBER 2004		AT 30 SEPTEMBER 2003	
	LONG-TERM RATE OF RETURN	VALUE £m	LONG-TERM RATE OF RETURN EXPECTED	VALUE £m	LONG-TERM RATE OF RETURN EXPECTED	VALUE:
	EXPECTED					
Equities	7.0%	21.1	7.5%	15.5	7.5%	13.3
Bonds	4.3%	3.3	4.8%	2.7	4.7%	2.2
Other	4.0%	0.1	4.0%	0.1	4.0%	-
Total market value of assets	 .	24.5		18.3		15.5
Present value of scheme liabil	ities	[39.1]	_	(32.6)	_	[22.0]
Deficit in the scheme		(14.6)		[14.3]		(6.5)
Related deferred tax	_	4.4	_	4.3	_	2.1
Net pension liability		[10.2]		(10.0)		[4.4]
The movement in the deficit in	the scheme during	thá vear was	as follows:		1.	
The movement in the deficit in	the scheme during	tile year was	as lollows.	20	105	2004
		1			£m	£m
Deficit in the scheme at 1 Octo	ber 2004			(1	4.3)	(6.5)
Movement in year						
Current service cost				ŧ	1.7)	(1.2)
Contributions					1.9	1.0
Past service costs					-	-
Other finance income				(0.5)	[0.1]
Actuarial gain/(loss)					<u>-</u>	{7.5}
Deficit in the scheme at 30 Sep	otember 2005			(1	4.6)	[14.3]

The actuarial loss arising in the year ended 30 September 2004 resulted primarily from the use of updated mortality statistics.

The Group's contribution to the scheme is shown in note 6. The agreed rate of employer contributions was 12.5% of gross salaries for participating employees until 31 March 2005 and 38.4% of gross salaries for participating employees thereafter.

Analysis of reserves

If the treatment which will be required by FRS 17 had been adopted in the preparation of the financial statements for the year ended 30 September 2005, the balance which would have been shown in the reserves of the Group in respect of the profit and loss account would have been analysed as follows:

	2005 £m	2004 Em
Profit and loss account excluding pension liability Pension liability	318.7 [10.2]	270.1 (10.0)
Profit and loss account after adjustment for pension liability	308.5	260.1

Analysis of the amount charged to operating expenses

If the treatment which will be required by FRS 17 had been adopted in the preparation of the financial statements for the year ended 30 September 2005, the amount which would have been charged to operating expenses would have been analysed as follows:

	2005 £m	2004 £m
Current service cost	1.7	1.2
Past service cost		-
Total operating charge	1.7	1.2

Analysis of the amount credited to other finance income

If the treatment which will be required by FRS 17 had been adopted in the preparation of the financial statements for the year ended 30 September 2005, the amount which would have been credited to other finance income would have been analysed as follows:

	2005 £m	2004 £m
Expected return on pension scheme assets Interest on pension scheme liabilities	1.4 (1.9)	1.2 (1.3)
Net return	(0.5)	[0.1]

27. PENSIONS (continued)

Analysis of the amount recognised in the statement of total recognised gains and losses

If the treatment which will be required by FRS 17 had been adopted in the preparation of the financial statements for the year ended 30 September 2005, the actuarial gain/(loss) which would have been recognised in the statement of total recognised gains and losses would have been analysed as follows:

		2005 £m		2004 £m
Actual return less expected return on pension scheme assets		2.8		0.3
Experience gains and losses arising on scheme liabilities		-		[1.7]
Changes in assumptions underlying the present value of the scheme	liabilities	{2.8}		[6.1]
Actuarial gain/(loss)		•		(7.5)
History of experience gains and losses				
	2005	2004	2003	2002
Difference between the expected and actual return on scheme assets	5:			
Amount (£m)	2.8	0.3	1.3	(3.5)
Percentage of scheme assets	12%	1%	8%	(30)%
Experience gains and losses on scheme liabilities:				
Amount (£m)	-	(1.7)	-	0.2
Percentage of the present value of scheme liabilities	-	(5)%	-	1%
Total amount recognised in statement of total recognised				
gains and losses:				
Amount (£m)	-	(7.5)	0.3	[5.1]
Percentage of the present value of the scheme liabilities	-	(23)%	1%	(28)%

(b) Disclosures made in accordance with SSAP 24

The relevant actuarial valuation of the Group Pension Scheme was completed as at 31 March 2004 using the projected unit method, at which date the market value of the assets was £17.3m. The principal assumptions used in the latest valuation were that the annual pre-retirement return on investment used would be 9.0% on accumulated assets, while in valuing past service benefits a return on investment of 8.0% would be used. The annual rate of increase in pensions was assumed to be 3.5%. The valuation revealed that the actuarial value of assets was sufficient to cover 105% of the statutory minimum liabilities in accordance with the Pensions Act 1995.

(c) Defined contribution pension schemes

In addition to the Group Pension Scheme, the Group operates a defined contribution (Stakeholder) pension scheme. Contributions made by the Group to this scheme in the year ended 30 September 2005 were £0.0m (2004: £0.0m).

28. CREDITORS

	THE	GROUP	THE COMPANY	
	2005	2004	2005	2004
	£m	£m	£m	£m
Amounts falling due within one year				
Bank loans and overdrafts	0.5	1.2	-	-
Amounts owed to Group companies	-	-	112.3	180.6
Proposed dividend	8.8	6.8	8.8	6.8
Corporation tax	12.9	7.7	0.8	1.4
Accruals	58.4	50.7	10.6	7.3
	80.6	66.4	132.5	196.1
Amounts falling due after more than one year				
Asset backed loan notes	4,486.6	3,690.0	-	-
Corporate bond	118.2	-	118.2	-
Bank loans	990.5	901.6	-	-
Accruals	1.6	2.0		-
	5,596.9	4,593.6	118.2	-

A maturity analysis of the above borrowings and further details of asset backed loan notes and bank loans are given in note 29.

29. FINANCIAL INSTRUMENTS

The Group's operations are financed principally by floating rate, asset backed loan notes and, to a lesser extent, by a mixture of share capital, retained earnings, corporate debt and bank borrowings.

The Group issues financial instruments to finance its lending operations and uses derivative financial instruments to hedge interest rate risk arising from fixed rate lending or borrowing. In addition, various financial instruments, for example debtors, prepayments and accruals, arise directly from the Group's operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The principal risks arising from the Group's financial instruments are credit risk, liquidity risk and interest raterisk. The Board operates through the Asset and Liability Committee to review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year and since the year end and the position disclosed below is materially similar to that existing throughout the year.

29. FINANCIAL INSTRUMENTS (continued)

Credit risk

The Group's business objectives rely on maintaining a high-quality customer base and place strong emphasis on good credit management, both at the time of acquiring or underwriting a new loan, where strict lending criteria are applied, and in the collections process.

First mortgages and secured loans are secured by charges over residential properties in England and Wales, or similar Scottish or Northern Irish securities. Car loans are secured by the financed vehicle.

Despite this security, in assessing credit risk, an applicant's ability and propensity to repay the loan remain the principal factors in the decision to lend.

In order to control credit risk relating to counterparties to the Group's financial instruments, the Asset and Liability Committee determines which counterparties the Group will deal with, establishes limits for each counterparty and monitors compliance with those limits.

Liquidity risk

The Group's assets are principally financed by asset backed loan notes issued through the securitisation process. Securitisation substantially reduces the Group's liquidity risk by matching the maturity profile of the Group's funding to the profile of the assets to be funded.

Asset backed loan notes

The asset backed loan notes are secured on portfolios comprising variable and fixed rate mortgages or personal, retail and car loans, and are redeemable in part from time to time, but such redemptions are limited to the net capital received from borrowers in respect of the underlying assets. There is no requirement for the Group to make good any shortfall out of general funds. It is likely that a substantial proportion of these notes will be repaid within five years. Interest is payable

- on notes denominated in sterling at various rates between 0.11% and 2.00% above the London Interbank Offered Rate ('LIBOR') for three month sterling products;
- on notes denominated in euros at various rates between 0.11% and 1.40% above the Euro Interbank Offered Rate (EURIBOR') for three month euro products; and
- on notes denominated in US dollars at various rates between 0.18% and 1.40% above the London Interbank Offered Rate for three month US dollar products ('Dollar LIBOR').

During the year, Group companies issued £1,700.0m (2004; £2,114.8m) of mortgage backed floating rate notes at par and £750.0m (2004; £nit) of asset backed floating rate notes at par.

Before its acquisition by the Group, Mortgage Trust had also obtained finance from the securitisation markets as described in note 16. The sterling notes issued in these transactions, which form part of 'Non-Recourse Finance' in the Group balance sheet are secured on the underlying assets and bear interest at various rates between 0.23% and 1.80% above LIBOR for three month sterling products. It is likely that a substantial proportion of these notes will be repaid within five years. The companies which issued these notes have entered into £215.0m (2004: £215.0m) of sterling revolving credit facilities to fund, where necessary, the purchase of mortgage redraws. At 30 September 2005 £nil (2004: £nil) had been drawn down under these facilities.

Bank borrowings

In connection with the acquisition of Mortgage Trust the Group entered into a bank loan secured against cashflows generated by certain of the acquired assets. Interest is payable on this loan at a rate of 1.35% above LIBOR. This loan is repayable only out of cash receipts generated by these assets and there is no further recourse to the Group. Included within bank loans at 30 September 2005 is £16.4m (2004: £28.8m) in respect of this loan.

The Group is party to an arrangement, made via the quasi-subsidiaries described in note 19, whereby the Group received monies from a UK bank in return for the right to receive certain future cash flows from a securitised portfolio. The commercial effect of this transaction is that of a bank loan, secured on the assets of the portfolio concerned, but subordinated to the asset backed loan notes. Payments on this facility are made out of receipts from borrowers in the same way as for the asset backed loan notes. Included in bank loans at 30 September 2005 is £1.0m {2004: £7.3m} in respect of this arrangement.

Assets are typically securitised within twelve months of origination. Until that point new loans are funded by a bank facility. This is currently provided by a £1,425.0m (2004: £1,325.0m) committed sterling facility provided to Paragon Second Funding Limited by a consortium of banks. £895.8m (2004: £468.5m) is included in bank loans in respect of drawings on this facility. This facility is secured on all the assets of Paragon Second Funding Limited, Paragon Car Finance Limited and Paragon Personal Finance Limited. This facility remains available for further drawings until 29 February 2008 and although its final repayment date is 28 February 2050 it is likely that substantial repayments will be made within the next five years.

The £60.0m (2004: £225.0m) committed sterling facility provided to Arianty No. 1 PLC by a consortium of banks is still in place. £6.0m is included in bank loans in respect of drawings on this facility (2004: £220.0m). This facility is secured on all the assets of Arianty No. 1 PLC. At the year end the facility remained available for further drawings until 14 November 2005. This was renewed for a further year for a reduced amount and may be further renewed on an annual basis. Repayment of the loan is due two years after it ceases to be available for further drawings.

Assets originated by Mortgage Funding Corporation PLC are funded by a £55.0m (2004; £55.0m) committed sterling bank facility. £31.6m (2004; £28.5m) is included in non-recourse finance in respect of drawings on this facility. This facility is secured on all the assets of that company. This facility is repayable on 4 August 2006.

As with the asset backed loan notes, repayments of all of these facilities before the final repayment date are restricted to the amount of principal cash realised from the funded assets.

In addition to these borrowings the Group has a committed corporate syndicated sterling bank facility of £280.0m (2004: £280.0m), used to provide working capital for the Group. Included in bank loans are drawings of £71.3m (2004: £177.0m) made by Paragon Finance PLC under this facility. This facility falls due for repayment on 27 February 2008. The facility is secured on all the assets of the Company and Paragon Finance PLC.

Interest on the bank facilities is payable at various rates between 0.22% and 0.90% above LIBOR. The undrawn amounts on these bank facilities at 30 September 2005 and 30 September 2004 are set out below.

	2005 £m	2004 £m
Undrawn committed facilities for which repayment would fall due:		
In one year or less	23.3	=
In more than one year but not more than two years	54.0	31.5
In more than two years	636.0	958.0
	713.3	989.5

29. FINANCIAL INSTRUMENTS (continued)

Corporate bond

On 20 April 2005 the Company issued £120.0m of 7% Callable Subordinated Notes at an issue price of 99.347% to provide long-term capital for the Group. These bonds bear interest at a fixed rate of 7% per annum and are repayable on 20 April 2017, but may be repaid on 20 April 2012 at the Company's option. They are unsecured and subordinated to any other creditors of the Company. At 30 September 2005 £118.2m (2004: £nil) was included within creditors in respect of these bonds.

Cash and investments

Cash received in respect of loan assets is not immediately available for Group purposes, due to the terms of the warehouse facilities and the securitisations. Included within 'Cash at bank and in hand' and 'Investments' at 30 September 2005 is £325.3m subject to such restrictions (2004: £378.5m).

'Cash at Bank and in hand' also includes £1.7m (2004: £0.5m) held by the Trustees of the Paragon Employee Share Ownership Plans which may only be used to invest in the shares of the Company, pursuant to the aims of those plans.

Investments' includes sterling term deposits with London banks which are disclosed as liquid resources in the cash flow statement.

The securitisation process and the terms of the warehouse facilities effectively remove any liquidity risk from the funding of the Group's loan assets. It remains to ensure that sufficient funding is available to provide capital support for new loans and working capital for the Group. This responsibility rests with the Asset and Liability Committee which sets the Group's liquidity policy and uses detailed cash flow projections to ensure that an adequate level of liquidity is available at all times.

Set out below is the maturity profile of the Group's financial liabilities at 30 September 2005 and 30 September 2004:

	FI	nancial Liabi	LITIES FALLING	DUE:	2005	FINA	NCIAL LIABILIT	IES FALLING DU	E:	2004
00	IN ONE YEAR OR LESS, OR I DEMAND	IN MORE THAN ONE YEAR, BUT NOT MORE THAN TWO YEARS	IN MORE THAN TWO YEARS, BUT NOT MORE THAN FIVE YEARS	IN MORE THÀN FIVE YEARS	TOTAL	IN ONE YEAR OR LESS, OR ON DEMANO	IN MORE THAN ONE YEAR, BUT NOT MORE THAN TWO YEARS	IN MORE THAN TWO YEARS, BUT NOT MORE THAN FIVE YEARS	IN MORE THAN FIVE YEARS	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-recourse finance	31.8	-	-	1,043.4	1,075.2	-	28.5	-	1,491.8	1,520.3
Bank loans and overdrafts	0.5	-	77.3	913.2	991.0	1.2	-	397.0	504.6	902.8
Corporate bond	-	-	-	118.2	118.2	-	-	-	-	-
Asset backed loan notes	-	_	-	4,486.6	4,486.6	-	-	-	3,690.0	3,690.0
Other	80.1	0.7	0.9	-	81.7	65.2	1.2	0.8	-	67.2
_	112.4	0.7	78.2	6,561.4	6,752.7	66.4	29.7	397.8	5,686.4	6,180.3
_										

Interest rate risk

The Group's policy is to maintain floating rate liabilities and match these with floating rate assets, hedging fixed rate assets by the use of interest rate swap or cap agreements.

The rates of interest payable on the loan facilities and on asset backed loan notes issued in the securitisation process are reset quarterly on the basis of LIBOR. The interest rates charged on the Group's variable rate loan assets are determined by reference to, inter alia, the Group's funding costs and the rates being charged on similar products in the market. Generally this ensures the matching of changes in interest rates on the Group's loan assets and borrowings and any exposure arising on the interest rate resets is relatively short term. Forward rate agreements may be used to hedge against any perceived risk of temporary increases in LIBOR rates at month ends.

The fixed rate corporate bond is hedged by use of a long-term interest rate swap agreement until the optional repayment date in 2012. This converts the interest payable to a LIBOR-linked floating rate basis.

In part, the Group's interest rate hedging objectives are achieved by the controlled mismatching of the dates on which instruments mature, redeem or have their interest rates reset. The table overleaf summarises these repricing mismatches. For the purposes of the table, loan assets, borrowings and derivatives are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity dates. For those fixed rate loan assets where the customer has contracted to make regular repayments of both capital and interest, the assets have been allocated across the time bands in the table by reference to the contracted repayments. The analysis takes no account of early terminations which are likely to occur in practice. In determining the amount of hedging required, the Group makes assumptions about the level of regular capital repayments and early terminations of its loan assets. The actual interest rate sensitivity will therefore be determined by reference to subsequent customer and management decisions and is expected to be less sensitive than shown.

'Off balance sheet items' shows the notional principal amount of swap agreements.

The table includes short term creditors and debtors.

29. FINANCIAL INSTRUMENTS (continued)

	3 MONTHS OR LESS	MORE THAN 3 MONTHS BUT NOT MORE THAN 6 MONTHS	MORE THAN 6 MONTHS BUT NOT MORE THAN 1 YEAR	MORE THAN 1 YEAR BUT NOT MORE THAN 5 YEARS	MORE THAN 5 YEARS	NON- INTEREST BEARING	TOTAL
	£m	£m	£m	£m	£m	£m	£m
At 30 September 2005							
Cash at bank and in hand	159.5	~	-	-	-	-	159.5
Investments	285.7	-	-	-	-	_	285.7
Assets subject to							
non-recourse finance	1,044.5	16,7	37.0	17.8	-	-	1,116.0
Non-recourse finance	(1,075.2)	-	-	-	-	-	(1,075.2)
Loans to customers	3,725.0	60.2	173.9	1,371.6	161.3	5.9	5,497.9
Negative goodwill	-	-	-	-	-	[9.9]	(9.9)
Other assets	-	-	_	-	-	14.3 .	14.3
Total assets	4,139.5	76.9	210.9	1,389.4	161.3	10.3	5,988.3
Provisions	-					(2.8)	(2.8)
Bank loans and overdrafts	(991.0)	-	-	-	-	-	[991.0]
Corporate bond	-	-	-	_	[118.2]	-	[118.2]
Asset backed loan notes	(4,486.6)	-	-	-	-	-	[4,486.6]
Other liabilities	-	-	-	_	-	(81.7)	(81.7)
Shareholders' funds	-	• -	-	-	-	(0.808)	(308.0)
Total liabilities and							
shareholders' funds	(5,477.6)	-	-	-	(118.2)	(392.5)	(5,988.3)
Off balance sheet items	1,259.1	(36.2)	[74.2]	(1,218.7)	70.0	-	
Interest rate repricing gap	(79.0)	40.7	136.7	170.7	113.1	(382.2)	-
Cumulative gap	(79.0)	(38.3)	98.4	269.1	382.2	-	-

	3 MONTHS OR LESS	MORE THAN 3 MONTHS BUT NOT MORE THAN 6 MONTHS	MORE THAN 6 MONTHS BUT NOT MORE THAN I YEAR	MORE THAN 1 YEAR BUT NOT MORE THAN 5 YEARS	MORE THAN 5 YEARS	NON- INTEREST BEARING	TATOT
	£m	£m	£m	£m	£m	£m	£m
At 30 September 2004		,					
Cash at bank and in hand	172.0	-	-	-	_	-	172.0
Investments	230.5	-	-	-	-	~	230.5
Assets subject to							
non-recourse finance	1,400.2	86.2	53.0	13.1	-	5.2	1,557.7
Non-recourse finance	(1,520.3)	-	-	-	-	-	[1,520.3]
Loans to customers	3,214.6	157,9	340.1	611.8	116.6	51.5	4,492.5
Negative goodwill	-	-	-	-	-	(14.0)	[14.0]
Other assets	-	-	-	-	-	15.6	15.6
Total assets	3,497.0	244.1	393.1	624.9	116.6	58.3	4,934.0
Provisions		-	-			(5.6)	[5.6]
Bank loans and overdrafts	(902.8)	-	-	-	-	-	(902.8)
Corporate bond	-	- '	-	-	-	-	
Asset backed loan notes	(3,690.0)	-	-	-	-	-	(3,690.0)
Other liabilities	-	-	-	-	-	(67.2)	[67.2]
Shareholders' funds		-	-	-	-	(268.4)	[268.4]
Total liabilities and							
shareholders' funds	(4,592.8)	-	-	-	-	(341.2)	(4,934.0)
Off balance sheet items	826.7	[93.3]	[219.7]	(470.2)	(43.5)	-	-
Interest rate repricing gap	(269.1)	150.8	173.4	154.7	73.1	(282.9)	-
Cumulative gap	{269.1}	[118.3]	55.1	209.8	282.9		-

29. FINANCIAL INSTRUMENTS (continued)

The Asset and Liability Committee monitors the interest rate risk exposure on the Group's loan assets and asset backed loan notes and ensures compliance with the requirements of the trustees in respect of the Group's securitisations.

All derivative contracts are accounted for as hedges. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures. Set out below is an analysis of these unrecognised gains and losses.

	2005 GAINS	2005 LOSSES	2005 TOTAL NET GAINS/ (LOSSES)	2004 GAINS	2004 Losses	2004 TOTAL NET GAINS/ (LOSSES)
	£m	£m	£m	£m	£m	Em
Unrecognised gains and losses on						
hedges at 1 October 2004	5.4	(6.2)	(8.0)	1.8	(15.8)	[14.0]
Gains and losses arising in previous						
years that were recognised in the year	[3.4]	0.8	(2.6)	(0.6)	2.9	2.3
Gains and losses arising before 1 October						
2004 that were not recognised in the year	2.0	(5.4)	(3.4)	1.2	(12.9)	(11.7)
Gains and losses arising in the year that						
were not recognised in the year	8.3	(15.1)	(6.8)	4.2	6.7	10.9
Unrecognised gains and losses on				 -		
hedges at 30 September 2005	10.3	{20.5}	{10.2}	5.4	(6.2)	(8.0)
Of which:						
Gains and losses expected to be realised						
in the year to 30 September 2006	0.9	(4.9)	(4.0)	4.1	(1.8)	2.3
Gains and losses expected to be realised						
in the year to 30 September 2007 or later	9.4	[15.6]	[6.2]	1.3	(4.4)	(3.1)
_	10.3	(20.5)	[10.2]	5.4	(6.2)	(8.0)

Currency risk

All of the Group's assets and liabilities are denominated in sterling with the exception of £1,724.0m (2004: £871.3m) included within 'Asset Backed Loan Notes', which is denominated in euros and £535.2m (2004: £541.5m) included within 'Asset Backed Loan Notes' which is denominated in US dollars. As a condition of the issue of these notes, interest rate and currency swaps were put in place for the duration of the borrowing having the effect of converting the liability to a LIBOR linked floating rate sterling borrowing. As a result the Group has no material exposure to foreign currency risk.

Fair values of financial assets and financial liabilities

Fair values have been determined for all derivatives, listed securities and any other financial assets and liabilities for which an active and liquid market exists. The fair values of cash at bank and in hand, bank loans and overdrafts and asset backed loan notes are not materially different from their book values because all the assets mature within three months of the year end and the interest rates charged on financial liabilities reset on a quarterly basis.

Set out below is a comparison by category of book values and fair values of the Group's derivative financial instruments as at 30 September 2005 and 30 September 2004.

	2005 BOOK VALUE Em	2005 FAIR VALUE £m	2004 BOOK VALUE £m	2004 FAIR VALUE £m
Derivative financial instruments held to manage the interest rate profile				
Swaps	(0.7)	(9.7)	-	0.3
Caps	1.4	0.2	1.8	0.7
	0.7	(9.5)	1.8	1.0

The fair values of the interest rate swaps and caps have been determined by reference to prices available from the markets on which these instruments are traded.

30. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2005 £m	2004 £m
Operating profit	76.8	71.0
Provisions for losses	15.9	11.1
Depreciation	1.3	1.6
Amortisation of brokers' commissions	34.9	37.2
Amortisation of negative goodwill	(4.1)	(5.2)
Charge for long-term incentive plan	1.5	0.9
Profit on sale of subsidiary	(0.9)	· -
(Increase) in stock	(0.1)	-
Decrease in debtors	1.0	0.7
Increase in creditors	6.0	12.0
Net cash inflow from operating activities	132.3	129.3

31. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2005 £m	2004 £m
(a) Capital expenditure and financial investment		
Net decrease in assets subject to non-recourse funding	441.2	800.2
Net increase in loans to customers	(1,056.4)	(1,485.2)
Expenditure on other fixed assets	(1.7)	(1.0)
Proceeds from sales of other fixed assets	0.2	0.2
	(616.7)	(685.8)
(b) Acquisitions and disposals		
Sale of subsidiary undertaking	2.0	-,
	2.0	<u> </u>
(c) Financing		
Purchase of shares	(12.4)	(2.9)
Exercise of options under ESOP scheme	2.7	0.4
Exercise of other share options	1.5	1.0
Increase in loans from banks and others	1,003.7	1,453.0
[Decrease] in non-recourse financing	(445.1)	(765.0)
	550.4	686.5

32. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £m	2004 £m
[Decrease]/increase in cash in year	(11.8)	21.1
Cash inflow from increase in debt	(558.6)	(687.2)
Cash movement from change in liquid resources	55.2	85.7
Movement in net debt in year	(515.2)	(580.4)
Net debt at 1 October 2004	(5,710.6)	(5,130.2)
Net debt at 30 September 2005	(6,225.8)	(5,710.6)

33. ANALYSIS OF NET DEBT

	2004 Em	cash flows £m	2005 £m
Cash in hand at bank	172.0	(12.5)	159.5
Overdrafts	(1.2)	0.7	(0.5)
	170.8	(11.8)	159.0
Non-recourse finance	[1,520.3]	445.1	(1,075.2)
Debt due after one year	(4,591.6)	[1,003.7]	[5,595.3]
		(558.6)	
Other liquid resources	230.5	55.2	285.7
Total	(5,710.6)	(515.2)	(6,225.8)

34. CAPITAL COMMITMENTS

There were no capital commitments (2004: Enil) contracted but not provided for.

35. FINANCIAL COMMITMENTS

At 30 September 2005 the Group had commitments to make annual payments under operating leases which expire as follows:

£m
0.1
0.1
0.1
4.9
5.2
_

The company had no such commitments.

36. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

On 17 November 2005 the Group issued £1,000.4m of Mortgage Backed Floating Rate Notes through a subsidiary company, Paragon Mortgages (No. 10) PLC, to refinance existing borrowings. The Notes were denominated in sterling, US dollars and euros.

Notice of Annual General Meeting

To all shareholders

NOTICE IS HEREBY GIVEN that the seventeenth Annual General Meeting of The Paragon Group of Companies PLC will be held at the offices of UBS Limited at 1 Finsbury Avenue, London, EC2M 2PP on 9 February 2006 at 10.30 a.m. for the following purposes:

As ordinary business

- 1 To receive and consider the Company's Accounts for the year ended 30 September 2005 and the Reports of the Directors and the Auditors.
- 2 To consider and adopt the Report of the Board to the Shareholders on Directors' Remuneration.
- 3 To declare a dividend.
- 4 To re-appoint as directors (a) Mr N S Terrington, (b) Mr J A Heron and (c) Mr G A F Lickley (all of whom retire
- 5 To re-appoint Deloitte & Touche LLP as Auditors and to authorise the directors to fix their remuneration.

As special business

To consider and, if thought fit, to pass resolutions 6 to 9 as ordinary resolutions and resolutions 10 to 12 as special resolutions:

Ordinary Resolutions

- THAT the Board be and it is hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused) to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £4,171,100 PROVIDED THAT this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (unless previously revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
- 7 THAT the rules of the Paragon Matching Share Plan [the "MSP"] referred to in the Directors' Report and produced in draft to this meeting and for the purposes of identification, signed by the Chairman, be approved and the directors be authorised to make such modifications to the MSP as they may consider appropriate to take account of the requirements of the UK Listing Authority and best practice and to adopt the MSP as so modified and to do all such acts and things as they may consider appropriate to implement the MSP.
- 6 "THAT the rules of the Paragon Performance Share Plan (the "PSP") be amended as summarised in the Directors' Report, the amended rules of which are produced to the meeting and signed by the Chairman for the purposes of identification."
- 7 THAT the trustees of any employee benefit trust established for the benefit of employees (including directors) and former employees (and their dependants) of the Group be authorised to hold up to 7.5 per cent of the issued share capital of the Company at any time as summarised in the Directors' Report.

Special Resolutions

- THAT, subject to the passing of resolution 6, the Board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by resolution 6 as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment, PROVIDED THAT this power shall be limited to:
 - [a] the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders and in favour of all holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of all such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange in any territory or any other matter whatsoever); and
 - (a) above of equity securities up to an aggregate nominal value of £594,900.

and shall expire upon the renewal of this power or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.'

- 11 'THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 ('the Act') to make one or more market purchases (within the meaning of Section 163(3) of the Act) on the London Stock Exchange PLC of ordinary shares of 10p each in the share capital of the Company ('Ordinary Shares') provided that:-
 - (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 11,900,000 (representing approximately 10 per cent of the Company's issued ordinary share capital excluding treasury shares);
 - (b) the minimum price which may be paid for an Ordinary Share is 10p;
 - Ic) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market price shown in the quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased:
 - (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company; and
 - (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts."

- 12 THAT the Company's Articles of Association be amended with immediate effect:-
 - (a) by the deletion of the existing Article 146 and the substitution therefor of the following new Article 146: 146. Subject to the provisions of the Companies Acts but without prejudice to any indemnity to which a director may otherwise be entitled:-
 - (i) the Company may indemnify any director of the Company against any liability and may purchase and maintain for any director of the Company insurance against any liability; and
 - (ii) without prejudice to the generality of (i), above, every director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court, from liability for negligence, default or breach of duty or trust in relation to the affairs of the Company."

and

(b) by the addition of the following sentence at the end of the existing Article 102:

The Company may also fund a director's expenditure on defending proceedings as provided in the Companies Acts."

By order of the Board John G Gemmell Company Secretary

Registered and Head Office: St Catherine's Court Herbert Road Solihull West Midlands B91 30E

23 November 2005

Registered in England No. 2336032

A member entitled to attend and vote at this meeting may appoint a proxy to attend on his behalf and, on a poll, to vote instead of such member. A proxy need not also be a member of the Company. A proxy form is enclosed for use in connection with the meeting. Proxy forms and any power of attorney or other written authority under which they are executed (or an office or notarially certified copy thereof) should be lodged with the Registrar of the Company at the address shown on the reverse of the proxy form not less than forty-eight hours before the time appointed for the holding of the meeting. The appointment of a proxy will not preclude a shareholder from attending and voting at the meeting.

A copy of the rules of the Paragon Performance Share Plan marked to show the proposed amendments and a copy of the draft rules of the Paragon Matching Share Plan will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of New Bridge Street Consultants LLP at 20 Little Britain, London EC1A 7DH from the date of this notice until the date of the meeting and at the place of the meeting from 10.00 a.m. on the date of such meeting until the conclusion thereof.

The register of directors' interests and copies of directors' service contracts will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the Registered Office of the Company from the date of this notice until the date of the meeting and at the place of the meeting from 10.00 a.m. on the date of such meeting until the conclusion thereof. The Report and Accounts have been sent to the Company's shareholders.

Biographical details of all directors are provided on page 11.

Company No: 2336032

THE COMPANIES ACT 1985

Public Company Limited by Shares



ORDINARY AND SPECIAL RESOLUTIONS

of

THE PARAGON GROUP OF COMPANIES PLC

(Passed on 9 February 2005)

AT AN ANNUAL GENERAL MEETING of the above named Company, duly convened, and held at Butchers' Hall, 87 Bartholomew Close, London, EC1A 7EB on 9 February 2005 at 10.30am the following resolutions were passed:

Ordinary Resolution

THAT the Board be and it is hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused) to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £4,264,200 PROVIDED THAT this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (unless previously revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

THAT, subject to the passing of resolution 6, the Board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by resolution 6 as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment, PROVIDED THAT this power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders and in favour of all holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of all such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange in any territory or any other matter whatsoever); and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £599,400,

and shall expire upon the renewal of this power or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

- 3 THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 ('the Act') to make one or more market purchases (within the meaning of Section 163(3) of the Act) on the London Stock Exchange PLC of ordinary shares of 10p each in the share capital of the Company ('Ordinary Shares') provided that:-
 - the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 11,900,000 (representing approximately 10 per cent of the Company's issued ordinary share capital);
 - (b) the minimum price which may be paid for an Ordinary Share is 10p;
 - (c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market price shown in the quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;

- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company; and
- (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

Company Secretary

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

of

THE PARAGON GROUP OF COMPANIES PLC

[adopted pursuant to a Special Resolution of the Company passed on 20th March, 1989 and amended pursuant to two Special Resolutions of the Company passed on 13th February, 1995, a Special Resolution of the Company passed on 28th January, 1999 and a Special Resolution of the Company passed on 9th February, 2006]

PRELIMINARY

- 1. The regulations in Table A of the Companies (Tables A to F) Regulations 1985 as in force at the date of the adoption of these Articles shall not apply to the Company but the following shall be the Articles of Association of the Company.
- 2. In these Articles, unless the context otherwise requires:

"the Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force and any reference to any section or provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment thereof for the time being in force;

"Articles" means these articles of association as altered from time to time by special resolution;

"the auditors" means the auditors for the time being of the Company;

"the board" means the directors or any of them acting as the board of directors of the Company;

"clear days" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to

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be given and the day for which it is given or on which it is to take effect;

"the Companies Acts" means the Companies Acts as defined by section 744 of the Act and any enactment passed after those Acts which may, by virtue of that or any other such enactment, be cited together with those Acts as "the Companies Acts" (with or without the addition of an indication of the date of any such enactment);

"director" means a director of the Company;

"dividend" means dividend or bonus;

"the holder" in relation to any shares means the member whose name is entered in the register as the holder of such shares;

"member" means a member of the Company;

"the Memorandum" means the memorandum of association of the Company;

"the office" means the registered office of the Company;

"paid" means paid or credited as paid;

"the register" means the register of members of the Company;

"recognised clearing house" means a body declared by an order of the Secretary of State for Trade and Industry for the time being in force to be a recognised clearing house for the purposes of the Financial Services Act 1986;

"recognised investment exchange" means a body declared by an order of the Secretary of State for Trade and Industry for the time being in force to be a recognised investment exchange for the purposes of the Financial Services Act 1986;

"the seal" means the common seal of the Company and includes any official seal kept by the Company by virtue of sections 39 or 40 of the Act;

"the secretary" means the secretary of the Company and includes a joint, assistant, deputy or temporary secretary and any other person appointed to perform the duties of the secretary;

"The Stock Exchange" means the London Stock Exchange Limited;

"the United Kingdom" means Great Britain and Northern Ireland;

references to a document being executed include references to its being executed under hand or under seal or by any other method;

references to writing include references to any visible substitute for writing and to anything partly in one form and partly in another form;

words denoting the singular number only include the plural number also and vice versa, words denoting one gender only include the other genders and words denoting persons only include firms and corporations and vice versa;

(save where otherwise defined in these Articles or where the context otherwise requires) words or expressions contained in these Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force at the date of adoption of the Articles;

references to any provision of any enactment or of any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) include any modification or reenactment of that provision for the time being in force; and

references to amounts paid or credited as paid on shares in the Company shall, unless the context otherwise requires, include amounts paid or credited as paid by way of nominal value or of premium.

SHARE CAPITAL

- 3. The authorised share capital of the Company at the date of the adoption of this paragraph of this Article is £12,500,000 divided into 125,000,000 Ordinary Shares of 10 pence each ("Ordinary Shares").
- 4. Subject to the provisions of the Companies Acts and without prejudice to any rights previously conferred on the holders of any existing shares or class of shares, any share may be issued with such preferred, deferred or other special rights or such restrictions as

Increased to £15,000,000 divided into 150,000,000 Ordinary Shares of 10 pence each pursuant to an ordinary resolution of the Company dated 31st March, 1998 and further increased to £17,500,000 divided into 175,000,000 Ordinary Shares of 10 pence each pursuant to an ordinary resolution of the Company dated 17th February, 2000.

the Company may by ordinary resolution determine or, subject to and in default of such determination, as the board shall determine.

- 5. Subject to the provisions of the Companies Acts and of any resolution of the Company in general meeting passed pursuant thereto, all unissued shares for the time being in the capital of the Company shall be at the disposal of the board, and the board may (subject as aforesaid) allot (with or without conferring a right of renunciation), issue, grant options over, or otherwise dispose of them to such persons, on such terms and conditions, and at such times as it thinks fit. This power shall not apply to redeemable shares, which shall be governed by the provisions of Article 6.
- 6. Subject to the provisions of the Companies Acts, the Company may by special resolution create and sanction the issue of shares which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder. The special resolution sanctioning any such issue shall also make such alterations to these Articles as may be necessary to specify the terms on which and the manner in which any such shares shall be redeemed.
- 7. The Company may exercise all powers of paying commissions or brokerage conferred or permitted by the Companies Acts. Subject to the provisions of the Companies Acts, any such commission or brokerage may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.
- 8. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise any interest in any share or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder.

VARIATION OF RIGHTS

9. Subject to the provisions of the Companies Acts, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). All the provisions of these Articles relating to general meetings of the Company shall, mutatis mutandis, apply to every such separate meeting, except that:-

- (a) the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class or, at any adjourned meeting of such holders, one holder present in person or by proxy, whatever the amount of his holding, who shall be deemed to constitute a meeting; and
- (b) any holder of shares of the class present in person or by proxy may demand a poll; and
- (c) the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively.
- 10. Unless otherwise provided by the rights attached to any shares, those rights shall be deemed to be varied by the reduction of the capital paid up on the shares and by the allotment of further shares ranking in priority for payment of a dividend or in respect of capital or which confer on the holders voting rights more favourable than those conferred by such first mentioned shares, but shall not otherwise be deemed to be varied by the creation or issue of further shares.

SHARE CERTIFICATES

- Every person whose name is entered as a member in the register (except a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange in respect of whom the Company is not required by law to complete and have ready for delivery a certificate) shall be entitled, without payment, to receive one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or, with the consent of the board, several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the board may determine. Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them. Shares of different classes may not be included in the same certificate. Where a member has transferred a part of the shares comprised in his holding he shall be entitled to a certificate for the balance without charge.
- 12. If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity

(with or without security) and payment of any exceptional expenses reasonably incurred by the Company in investigating the evidence and preparing the requisite form of indemnity as the board may determine but otherwise free of charge, and (in the case of defacement or wearing out) on delivery up of the old certificate.

LIEN

- 13. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not and whether by way of nominal value or premium) payable at a fixed time or called in respect of that share. The board may at any time (generally or in particular cases) waive any lien or declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a share shall extend to any amount (including dividends) payable in respect of it.
- 14. The Company may sell, in such manner as the board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after a notice in writing has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder or otherwise by operation of law, demanding payment of the sum presently payable and stating that if the notice is not complied with the shares may be sold.
- 15. To give effect to any such sale the board may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The transferee shall be entered in the register as the holder of the shares comprised in any such instrument of transfer and shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in relation to the sale.
- 16. The net proceeds of the sale, after payment of the costs of the sale, shall be applied in or towards payment or satisfaction of so much of the sum in respect of which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person whose shares were so sold.

CALLS ON SHARES

17. Subject to the terms of allotment, the board may from time to time make calls upon the members in respect of any moneys unpaid on

their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least twenty-eight clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may be revoked in whole or part as the board may determine and the time fixed for payment of a call may be postponed by the board. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

- 18. A call shall be deemed to have been made at the time when the resolution of the board authorising the call was passed.
- 19. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 20. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed at the appropriate rate (as defined by the Act) but the board may waive payment of such interest wholly or in part.
- 21. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall, for the purposes of the Articles, be deemed to be a call duly made and notified and payable on the date so fixed or in accordance with the terms of the allotment, and if it is not paid the provisions of the Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
- 22. The board may differentiate between the holders as to the amount of calls to be paid and the times of payment.
- 23. The board may, if it thinks fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and may pay upon all or any of the moneys so advanced (until the same would but for such advance become presently payable) interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) the appropriate rate (as defined in the Act) as may be agreed upon between the board and such member. The shares in respect of which any amounts uncalled have been paid in advance shall be treated for all purposes as being partly paid only to the extent of any amounts called and paid on them until such time as the moneys so advanced become presently payable.

FORFEITURE AND SURRENDER

- 24. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the board may give to the person from whom it is due not less than seven clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
- 25. If any such notice is not complied with any share in respect of which it was given may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect and the forfeiture shall include all dividends declared or other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.
- 26. Subject to the provisions of the Companies Acts, a forfeited share shall be deemed to belong to the Company and may be sold, reallotted or otherwise disposed of on such terms and in such manner as the board determines, either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposal, the forfeiture may be cancelled on such terms as the board thinks fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the board may authorise some person to execute an instrument of transfer of the share to that person.
- 27. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to pay the Company all moneys which at the date of forfeiture were then payable by him to the Company in respect of those shares with interest thereon at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at such rate not exceeding 17% per cent. per annum as the board shall think fit from the date of forfeiture until payment; but his liability shall cease if and when the Company shall have received payment in full of all moneys in respect of the shares.
- 28. The board may accept the surrender of any share which it is in a position to forfeit upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it had been forfeited.

29. A statutory declaration by a director or the secretary that he is such and a share has been duly forfeited or surrendered on a date stated in the declaration shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the person to whom the share is disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected after he has been registered as the holder thereof by any irregularity in or invalidity of, the proceedings in reference to the forfeiture, surrender, sale, reallotment or disposal of the share.

TRANSFER OF SHARES

- 30. The instrument of transfer of a share may be in any usual form or in any other form which the board may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. No fee shall be payable to the Company for the registration of any instrument of transfer of a share.
- 31. The board may, in its absolute discretion and without giving any reason, refuse to register any instrument of transfer of, or which includes, a share which is not fully paid (whether as to nominal value or premium) provided that where such shares are admitted to the Official List of the Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in shares of the relevant class from taking place on an open and proper basis.
- 32. The board may also refuse to register any instrument of transfer of a share unless the instrument of transfer:
 - (a) is lodged, duly stamped, at the office or at such other place as the board may appoint accompanied by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer;
 - (b) is in respect of only one class of shares; and
 - (c) is in favour of not more than four transferees.

In the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question.

- 33. If the board refuses to register the transfer, it shall within two months after the date on which the instrument of transfer was lodged with the Company send to the transferee notice of the refusal.
- 34. The registration of transfers of shares or of transfers of any class of shares may be suspended and the register closed at such times and for such periods (not exceeding thirty days in any year) as the board may from time to time determine.

TRANSMISSION OF SHARES

- 35. If a member dies the survivor or survivors where he was a joint holder, and his legal personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his share; but nothing herein contained shall release the estate of a deceased member (whether a sole or joint holder) from any liability in respect of any share held by him.
- 36. A person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law may, upon such evidence being produced as the board may properly require as to his title and subject as hereinafter provided, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall give the Company notice in writing signed by him stating that he so elects. If he elects to have another person registered, he shall execute an instrument of transfer of the share to that person. All the provisions of the Articles relating to the transfer of shares shall apply to any such notice or instrument of transfer as if the death or bankruptcy of the member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer executed by that member.
- 37. A person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law shall, upon such evidence being produced as the board may properly require as to his entitlement and subject to the requirements of Article 129, be entitled to receive and may give a discharge for all dividends and other moneys payable in respect of the share, but he shall not, before being registered as the holder of the share, be entitled in respect of it to receive notice of or to attend or vote at any meeting of the Company or to receive notice of or to attend or vote at any separate meeting of the holders of any class of shares in the Company or to any of the rights or privileges of a member. The board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within sixty days the board may thereafter

withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

STOCK

- 38. (1) The Company may by ordinary resolution convert any fully paid shares into stock, and re-convert any stock into fully paid shares of any denomination.
- (2) The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit. The Board may from time to time fix the minimum amount of stock transferable but so that the minimum shall not exceed the nominal amount of the shares from which the stock arose.
- (3) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding up, voting at meetings, and other matters, as if they held the shares from which the stock arose, but no such rights, privileges or advantages (except participation in dividends and profits and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such rights, privileges or advantages.
- (4) All the provisions of these Articles applicable to fully paid shares shall apply to stock, and the word "share" shall be construed accordingly.

ALTERATION OF SHARE CAPITAL

- 39. The Company may by ordinary resolution -
 - (a) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) subject to the provisions of the Companies Acts, sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and

- (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
- 40. Whenever as a result of a consolidation or division of shares any difficulty arises, the board may settle the matter in any manner it deems fit and in particular, may sell shares representing fractions to which any members would become entitled to any person (including, subject to the provisions of the Companies Acts, the Company) and distribute the net proceeds of sale in due proportion among those members, and the board may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
- 41. Subject to the provisions of the Companies Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

PURCHASE OF OWN SHARES

42. Subject to and in accordance with the provisions of the Companies Acts and without prejudice to clause 3.(4) of these Articles and to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class (including redeemable shares) at any price (whether at par or above or below par), and so that any shares to be so purchased may be selected in any manner whatsoever. Every contract for the purchase of, or under which the Company may become entitled or obliged to purchase, shares in the Company shall be authorised by such resolution of the Company as may be required by the Act and by an extraordinary resolution passed at a separate general meeting of the holders of any shares which at the date on which the contract is authorised by the Company in general meeting entitle them, either immediately or at any time later on, to convert all or any of the shares of that class held by them into equity share capital of the Company.

GENERAL MEETINGS

- 43. (1) All general meetings other than annual general meetings shall be called extraordinary general meetings.
- (2) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting with the exception of

sanctioning or declaring dividends, the consideration of the accounts and balance sheet, the reports of the directors and auditors and any other documents required to be annexed to the balance sheet, the appointment of directors in the place of those retiring by rotation or otherwise and the appointment or re-appointment of, and the fixing of the remuneration of, the auditors, and the renewal, limitation, extension, variation or grant of any authority of or to the board, pursuant to the Companies Acts, to allot securities.

- 44. The board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Act.
- 45. The board may call an extraordinary general meeting whenever and at such times and places as it shall determine and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting in accordance with the requirements of the Companies Acts and for a date not later than six weeks after receipt of the requisition (unless the requisitionists shall consent in writing to a later date being fixed). If at any time there are not within the United Kingdom sufficient directors capable of acting to form a quorum any director of the Company or any two members may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the board.

NOTICE OF GENERAL MEETINGS

- 46. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice, but a general meeting may be called by shorter notice if it is so agreed:
 - (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
 - (b) in the case of any other meeting, by a majority in number of members having a right to attend and vote being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.
- 47. Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given in the manner provided by these Articles to all the members, to each of the directors and to the auditors for the time being or, if more than one for the time being, each of them.

- 48. The directors may, for the purpose of controlling the level of attendance at any place specified for the holding of a general meeting, from time to time make such arrangements whether involving the issue of tickets (on a basis intended to afford to all members otherwise entitled to attend such meeting an equal opportunity of being admitted to the meeting) or the imposition of some random means of selection or otherwise as they shall in their absolute discretion consider to be appropriate, and may from time to time vary any such arrangements or make new arrangements in place therefor and the entitlement of any member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being in force and by the notice of meeting stated to apply to that In the case of any general meeting to which such arrangements apply the directors shall, and in the case of any other general meeting the directors may, when specifying the place of the general meeting, direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside ("the Principal Place") and make arrangements for simultaneous attendance and participation at other places by members otherwise entitled to attend the general meeting but excluded therefrom under the provisions of this Article or who wish to attend at any of such other places, provided that persons attending at the Principal Place and at any of such other places shall be able to see and hear and be seen and heard by persons attending at the Principal Place and at such other places. Such arrangement for simultaneous attendance may include arrangements for controlling the level of attendance in any manner aforesaid at such other places provided that they shall operate so that any such excluded members as aforesaid are able to attend at one of such other places. For the purposes of all other provisions of the Articles any such meeting shall be treated as being held and taking place at the Principal Place.
- 49. The notice shall specify the day, hour and place of the meeting and, in the case of special business the general nature of such business. The notice shall, in the case of an annual general meeting, specify the meeting as such, and, in the case of a meeting to pass a special or extraordinary resolution, specify the intention to propose the resolution as a special or extraordinary resolution, as the case may be. Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll vote thereat instead of him and that a proxy need not be a member.
- 50. The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by the Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by any such person shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 51. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman, which shall not be treated as part of the business of the meeting. Save as otherwise provided by the Articles, two persons present in person or by proxy and entitled to vote upon the business to be transacted shall be a quorum.
- 52. If such a quorum is not present within fifteen minutes (or such longer time not exceeding thirty minutes as the chairman of the meeting may decide to wait) from the time appointed for the meeting, the meeting, if convened on the requisition of members, shall be dissolved, and in any other case shall stand adjourned to such day, time and place as the chairman of the meeting may determine. If at the adjourned meeting a quorum is not present within fifteen minutes after the time appointed for holding the meeting, the members present in person or by proxy shall be a quorum.
- 53. The chairman, if any, of the board or in his absence some other director nominated by the board, shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) is present within fifteen minutes after the time appointed for holding the meeting or is not willing to act as chairman, the directors present shall elect one of their number to be chairman. If there is only one director present and willing to act, he shall be chairman. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
- 54. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
- 55. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for thirty days or more or for an indefinite period, notice of the adjourned meeting shall be given in like manner as in the case of the original but it shall not otherwise be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

- 56. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special or extraordinary resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) shall in any event be considered or voted upon.
- 57. A resolution put to the vote of a general meeting shall be decided on a show of hands unless, before or on the declaration of the result of a vote on the show of hands or on the withdrawal of any other demand for a poll, a poll is duly demanded. Subject to the provisions of the Companies Acts, a poll may be demanded by -
 - (a) the chairman of the meeting; or
 - (b) at least two members present in person or by proxy having the right to vote at the meeting; or
 - (c) any member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (d) any member or members present in person or by proxy holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right,

and a demand by a person as proxy for a member shall be the same as a demand by the member.

- 58. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 59. The demand for a poll may, before the poll is taken, be withdrawn at any time before the conclusion of the meeting at which it is demanded only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If the demand for a poll is withdrawn, the chairman or any other member entitled may demand a poll.

- 60. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 61. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have as a member or as a representative or proxy of a member.
- 62. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman directs not being more than twenty-eight days after the poll is demanded. Any business other than that on which the poll was demanded may be proceeded with pending the completion of the poll. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 63. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- 64. (1) Where for any purpose an ordinary resolution of the Company is required, a special or extraordinary resolution shall also be effective and where for any purpose an extraordinary resolution is required a special resolution shall also be effective.
- (2) A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting properly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more of the members.

VOTES OF MEMBERS

65. Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder. On a poll a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in one way.

- 66. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names of the holders stand in the register.
- 67. A member in respect of whom an order has been made by any court or official having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court or official, and any such receiver, curator bonis or other person may, on a poll, vote by proxy.
- 68. No member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.
- 69. (1) If at any time the board is satisfied that any member or other person appearing to be interested in shares in the capital of the Company has failed within twenty-eight days to comply with a notice duly given to that person by the Company pursuant to section 212 of the Act (other than a person for the time being exempted by the Secretary of State from the operation of such section) or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the board may serve notice in writing on any member holding shares relating to which the board has determined or become aware that such default has occurred. Any such notice (hereinafter referred to as a "Default Notice") shall specify the nature of the default, the number of shares concerned and the steps to be taken to remedy such default. For the purpose of this Article a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under section 212 of the Act which fails to establish the identities of those interested in the shares and if (after taking into account in particular, but without limitation, such notification and any other relevant section 212 notification under section 212) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares.
- (2) The board may at any time give notice cancelling a Default Notice and shall give notice cancelling such Default Notice after the board has determined that the default referred to in paragraph (1) of this Article has been rectified.

- such time as the board may either cancel the Default Notice or serve a further notice on the member concerned stating that the default has been remedied that member shall not, in respect of any shares specified in the Default Notice, be entitled to attend or vote at any general meeting of the Company or at any separate meeting of the holders of shares of any class, either personally or by proxy, or to be reckoned in a quorum or to exercise any right or privilege as a member in relation to general meetings or separate meetings of the holders of shares of any class in respect of any shares specified in the Default Notice. The board shall serve such a further notice as soon as reasonably practicable after the member concerned has remedied the default complained of in the Default Notice to the satisfaction of the board.
- (4) The board shall cause the register to have noted against the member upon whom a Default Notice has been served details of such Default Notice and the number of shares specified therein and shall cause such note to be deleted upon cancellation of the Default Notice or service of any further notice under paragraph (2) or (3) of this Article.
- (5) Any Default Notice and any other notice served by the board pursuant to this Article shall be conclusive against the member concerned and its validity shall not be questioned by any person.
- (6) A Default Notice shall automatically cease to have effect in respect of any share which is transferred upon registration of the relevant transfer.
- 70. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting or poll at which the vote objected to is tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

PROXIES

71. An instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or, if the appointor is a corporation, either under its common seal or the hand of a duly authorised officer, attorney or other person authorised to sign it or, if the appointor is a corporation sole, under the hand of a duly authorised representative thereof, but the execution of such instrument need not be attested.

- 72. Instruments of proxy shall be in any usual form or in any other form which the board may approve and the board may, if it thinks fit, but subject to the provisions of the Act, send out to all persons entitled to notice of and to attend and vote at any meeting forms of instrument of proxy for use at the meeting. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned.
- The instrument appointing a proxy and any power of attorney or other written authority under which it is executed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or written authority shall . be deposited at the office (or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy or other document sent out by the Company in relation to the meeting) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll, not less than 48 hours before the time appointed for the taking of the poll and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid. No instrument of proxy shall be valid after the expiration of twelve months from the date stated in it as the date of its execution. When two or more valid but differing instruments of proxy are delivered in respect of the same share for use at the same meeting, the one which was delivered last (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was delivered last, none of them shall be treated as valid in respect of that share.
- 74. A vote given or poll demanded in accordance with the terms of an instrument of proxy or by the representative of a corporation or corporation sole duly authorised by resolution of its directors or other governing body shall be valid notwithstanding the previous death or incapacity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy was executed provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Company at the office or at such other place as is referred to in the preceding Article before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
- 75. Any corporation or corporation sole which is a member of the Company may (in the case of a corporation, by resolution of its directors or other governing body or by authority to be given under

seal or under the hand of an officer duly authorised by it) authorise such person as it thinks fit to act as its representative or, as the case may be, representatives at any meeting of the Company or at any separate meeting of the holders of any class of shares. A person so authorised shall be entitled to exercise the same power on behalf of the grantor of the authority (in respect of that part of the grantor's holding to which his authorisation relates, in the case of an authorisation of more than one person) as the grantor could exercise if it were an individual member of the Company and the grantor shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present at it. relation to any such meeting, a person authorised under section 3 of the Treasury Solicitor Act 1876 shall be treated for the purposes of this Article as if his authority had been granted by the Solicitor for the affairs of Her Majesty's Treasury; and in the Articles references to a duly authorised representative of a corporation sole include, in relation to the Solicitor for the affairs of Her Majesty's Treasury, references to a person authorised under that section.

NUMBER OF DIRECTORS

76. Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall be not less than two but shall not be subject to any maximum.

APPOINTMENT AND RETIREMENT OF DIRECTORS

- 77. At every annual general meeting any directors who shall be bound to retire under Article 83 and one-third of the other directors for the time being or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office and shall be eligible for reappointment; but, if there is only one director who is subject to retirement by rotation, he shall retire. A director retiring at a meeting shall retain office until the close or adjournment of the meeting.
- 78. Subject to the provisions of the Companies Acts and the Articles, the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed directors on the same day those to retire by rotation shall (unless they otherwise agree among themselves) be determined by lot. In addition any director who would not otherwise be required to retire shall retire by rotation at the third annual general meeting after his last appointment or reappointment. The directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the board at the date of the notice convening the annual general meeting and no director shall be required to retire or

be relieved from retiring or be retired by reason of any change in the number or identity of the directors after the date of the notice but before the close of the meeting.

- 79. At the meeting at which a director retires by rotation, the Company may (subject to Article 80) fill the vacated office by appointing a person thereto, and in default the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is expressly resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost. In the event of the vacancy not being filled at such meeting, it may be filled by the board as a casual vacancy.
- 80. No person other than a director retiring by rotation shall be appointed or reappointed a director at any general meeting unless -
 - (a) he is recommended by the board; or
 - (b) not less than seven nor more thirty clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting (not being the person to be proposed) has been left at the office addressed to the secretary of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed be required to be included in the Company's register of directors, together with notice executed by that person of his willingness to be appointed or reappointed.
- 81. Except as otherwise authorised by the Companies Acts, the appointment of any person proposed as a director shall be effected by a separate resolution.
- 82. Subject as aforesaid, the Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director and may also determine the rotation in which any additional directors are to retire.
- 83. The board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number, if any, fixed by or in accordance with the Articles as the maximum number of directors. A director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for reappointment but shall not be taken into account in determining the directors who are to retire by rotation at the meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof.

- 84. The continuing directors may act notwithstanding any vacancies in their number, but, if the number of directors is reduced below any minimum number fixed by or in accordance with these Articles, the continuing director or directors, as the case may be, may act for the purpose of filling up vacancies in their number or of calling a general meeting of the company, but not for any other purpose.
- 85. (1) No person shall be disqualified from being appointed or reappointed a director, and no director shall be required to vacate that office, by reason only of the fact that he has attained the age of seventy years or any other age nor shall it be necessary by reason of his age to give special notice under the Companies Acts of any resolution. Where the board convenes any general meeting of the Company at which (to the knowledge of the board) a director will be proposed for appointment or reappointment who at the date for which the meeting is convened will have attained the age of seventy years or more, the board shall give notice of his age in years in the notice convening the meeting or in any document accompanying the notice, but the accidental omission to do so shall not invalidate any proceedings, or any appointment or reappointment of that director, at that meeting.
- (2) A director shall not be required to hold any shares of the Company by way of qualification.

ALTERNATE DIRECTORS

- 86. Any director (other than an alternate director) may at any time appoint any other director, or any other person approved by resolution of the board and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.
- 87. An alternate director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served upon him) be entitled to receive notice of all meetings of the board and of all meetings of committees of the board of which his appointor is a member, to attend, vote and be counted for the purpose of a quorum at any such meeting at which his appointor is not personally present, and generally to perform all the functions of his appointor as a director in his absence. It shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom.
- 88. A director or any other person may act as alternate director to represent more than one director, and an alternate director shall be entitled at meetings of the board or any committee of the board to one vote for every director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

- 89. An alternate director may be repaid by the Company such expenses as might properly have been repaid to him if he had been a director but shall not in respect of his services as an alternate director be entitled to receive any remuneration from the Company. An alternate director shall be entitled to be indemnified by the Company to the same extent as if he were a director.
- 90. An alternate director shall automatically cease to be an alternate director -
 - (a) if his appointor ceases to be a director; but, if a director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment;
 - (b) on the happening of any event which, if he were a director, would cause him to vacate his office as director;
 - (c) if he resigns his office by notice in writing left at the office; and
 - (d) if his appointor shall terminate the appointment.
- 91. Any appointment or removal of an alternate director shall be by notice in writing to the Company signed by the director making or revoking the appointment and shall take effect in accordance with the terms of the notice (subject to any approval required by Article 86) upon receipt of such notice at the office or by the secretary.
- 92. Save as otherwise provided in the Articles, an alternate director shall be deemed during his appointment, for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

POWERS OF THE BOARD

93. Subject to the provisions of the Companies Acts, the Memorandum and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the board which may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given

to the board by the Articles and a meeting of the board at which a quorum is present may exercise all powers exercisable by the board.

DELEGATION OF POWERS OF THE BOARD

- 94. The board may delegate any of its powers to any committee consisting of one or more directors. The board may also delegate to any director holding any executive office such of its powers as the board considers desirable to be exercised by him. Any such delegation (which may include authority to sub-delegate all or any of the powers delegated) may be made subject to any conditions the board may impose, and either collaterally with or to the exclusion of its own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of directors so far as they are capable of applying. The board may co-opt onto any such committee persons other than directors, who may enjoy voting rights in the committee. The co-opted members shall be less than one-half of the total membership of the committee and a resolution of any committee shall be effective only if a majority of the members present are directors.
- 95. (1) The board may make such arrangements as it thinks fit for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may establish local or divisional boards and appoint any persons to be members of the local or divisional boards, or any managers or agents, and may fix their remuneration. The board may delegate to any local or divisional board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the board (other than the power to borrow and make calls), with power to sub-delegate, and may authorise the members of any local or divisional board, or any of them, to fill any vacancies and to act notwithstanding vacancies. Any appointment or delegation made pursuant to this Article may be made upon such terms and subject to such conditions as the board may decide and the board may remove any person so appointed and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.
- (2) The board may from time to time make and vary such regulations as it thinks fit respecting the keeping of dominion registers of members pursuant to the Act.
- 96. The board may from time to time by power of attorney under the seal appoint any company, firm or person, or any fluctuating body of persons, whether nominated directly or indirectly by the board, to be the attorney or attorneys of the company for such purposes and with such powers, authorities and discretions (not exceeding those vested

in or exercisable by the board under these Articles) and for such period and subject to such conditions as it may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the board thinks fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

97. The board may appoint any person to any office or employment having a designation or title including the word "director" or attach to any existing office or employment with the Company such a designation or title and may terminate any such appointment or the use of any such designation or title. The inclusion of the word "director" in the designation or title of any such office or employment (other than the office of chief executive or joint chief executive or deputy or assistant chief executive director or managing director) shall not imply that the holder is a director of the Company, nor shall the holder thereby be empowered in any respect to act as, or be deemed to be a director of the Company for any of the purposes of the Articles.

BORROWING POWERS

98. The Directors may exercise all the powers of the Company to raise or borrow money without limit as to amount and upon such terms and in such manner as they think fit, and to grant any mortgage, charge or standard security over its undertaking, property and assets both present and future (including uncalled capital), or any part thereof, and subject (in the case of any security convertible into shares) to section 80 of the Act to issue debentures, debenture stock, and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 99. The office of a director shall be vacated if -
 - (a) he ceases to be a director by virtue of any provisions of the Companies Acts or the Articles or he becomes prohibited by law from being a director; or
 - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (c) he is, or may be, suffering from mental disorder and either -

- (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
- (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- (d) (not being a Chairman or Managing Director holding office as such for a fixed term) he resigns his office by notice in writing to the Company; or
- (e) he shall for more than six consecutive months have been absent without permission of the board from meetings of the board held during that period and his alternate director (if any) shall not during such period have attended in his stead and the board resolves that his office be vacated.
- 100. The Company may, in accordance with and subject to the provisions of the Act, by ordinary resolution of which special notice has been given remove any director from office (notwithstanding any provision of these Articles or of any agreement between the Company and such director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a director so removed from office and any person so appointed shall be treated for the purpose of determining the time at which he or any other director is to retire by rotation as if he had become a director on the day on which the director in whose place he is appointed was last elected a director. In default of such appointment the vacancy arising upon the removal of a director from office may be filled as a casual vacancy.

REMUNERATION OF DIRECTORS

101. (1) The directors shall be paid out of the funds of the Company by way of remuneration for their services, fees not to exceed in aggregate £250,000 per annum (to be divided between the directors in such proportions as they shall determine) or such higher aggregate amount as the Company may by ordinary resolution determine. A director holding office, for part only of a year shall be entitled to a proportionate part of a full year's remuneration.

(2) Any director who by request of the board performs extra or special services or goes abroad for any purposes of the Company shall be entitled to receive such sum for expenses and such remuneration as the directors may think fit either in addition to or in substitution for any other remuneration he may be entitled to receive.

DIRECTORS' EXPENSES

102. The directors shall be entitled to be re-paid all such reasonable (including travelling, hotel, and other) expenses properly incurred by them in connection with their attendance at meetings of the board or committees of the board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or which they otherwise properly incur in connection with the discharge of their duties. The Company may also fund a director's expenditure on defending proceedings as provided in the Companies Acts.

EXECUTIVE DIRECTORS

- 103. The board may from time to time appoint one or more of its body to the office of Chairman, Chief Executive, Managing Director, or to any other office (except that of auditor), employment or place of profit in the Company, for such period and on such terms (as to remuneration and otherwise) as it thinks fit and may revoke such appointment (but so that such revocation shall be without prejudice to any rights or claims which the person whose appointment is revoked may have against the Company by reason of such revocation). The board may permit any person appointed to be a director to continue in any other office or employment held by him before he was so appointed.
- 104. A director appointed to the office of Chairman, Chief Executive or Managing Director shall (subject to the provisions of any contract between himself and the Company) be subject to the same provisions as to retirement, resignation and removal as the other directors.
- 105. Any appointment of a director to the office of Chairman, Chief Executive, Managing Director or an executive officer shall terminate if he ceases to be a director but without prejudice to any rights or claims which he may have against the Company by reason of such cesser. A director appointed to an executive office shall not ipso facto cease to be a director if his appointment to such executive office terminates.
- 106. The emoluments of any Chairman, Chief Executive, Managing Director or director holding any other executive office for his services as such shall be determined by the board, and may be of any description, and (without limiting the generality of the foregoing)

may include admission to or continuance of membership of any scheme (including any share acquisition scheme) or fund instituted or established or financed or contributed to by the Company for the provision of pensions, life assurance or other benefits for employees or their dependants, or the payment of a pension or other benefits to him or his dependants on or after retirement or death, apart from membership of any such scheme or fund.

107. The board may entrust to and confer upon a Chairman, Chief Executive, Managing Director or director holding any other executive office any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and in the case of a Chief Executive or Managing Director, either collaterally with or to the exclusion of its own powers and may from time to time revoke, withdraw or vary all or any of such powers.

DIRECTORS' INTERESTS

- 108. (1) No director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, or from being interested whether directly or indirectly in any contract or arrangement entered into by or on behalf of the Company. No such contract or arrangement in which any director shall be so interested shall be avoided, nor shall any director so contracting, or being so interested, be liable to account to the Company for any profit realised by him from such contract or arrangement by reason of such director holding that office or the fiduciary relationship thereby established. A director so interested in any contract or arrangement shall declare the nature of his interest in accordance with the provisions of the Act.
- (2) Save as herein provided, a director shall not vote in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- (3) A director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:-
 - (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred or undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;

- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (d) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (e) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- (f) any proposal concerning the adoption, modification or operation of:-
 - (i) a superannuation fund or retirement benefits scheme under which he may benefit; or
 - (ii) an employee's share scheme under which he may benefit and which does not confer on any director any privilege or advantage not generally accorded to the employees to whom the scheme relates (but he will not vote on the grant of any option or allocation of any shares or any other matter concerning his individual participation)

and which has been approved by or is subject to and conditional upon approval by the board of Inland Revenue for taxation purposes.

(4) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of

two or more directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each director separately and in such cases each of the directors concerned (if not debarred from voting under the proviso to paragraph (3)(e) of this Article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

- (5) If any question shall arise at any meeting as to the materiality of a director's interest or as to the entitlement of any director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other director shall be final and conclusive except in a case where the nature or extent of the interests of the director concerned have not been fairly disclosed. If any such question arises in respect of the chairman of the meeting, it shall be decided by resolution of the board (on which the chairman shall not vote) and such resolution will be final and conclusive except in a case where the nature and extent of the interests of the director have not been fairly disclosed.
- (6) The Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.
- 109. A director may be or become a director or other officer of any company promoted by the Company or in which the Company may be interested as vendor, member or otherwise, and no such director shall (unless otherwise agreed) be accountable for any benefits received as director or other officer of such company.
- 110. The board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner in all respects as it thinks fit (including the exercise thereof in favour of any resolution appointing its members or any of them directors of such company, or voting or providing for the payment of remuneration to the directors of such company).

GRATUITIES AND PENSIONS

111. The board may (by establishment of or maintenance of schemes or otherwise) provide benefits, whether by the payment of gratuities, pensions, annuities, allowances or by insurance, or otherwise, to or for the benefit of any past or present director or employee who has held any salaried office or place of profit with the Company or any of its subsidiaries or any company associated with, or any business acquired by, any of them, or to or for the benefit of persons who were related to or dependants of any such director or employee and may (as

well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such pension, annuity, allowance, gratuity or other benefit and may make payments for or towards the insurance of any such person. No director or former director shall be accountable to the Company or the members for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

112. Pursuant to section 719 of the Act, the board is hereby authorised to make such provision as may seem appropriate for the benefit of any persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer of the whole or part of the undertaking of the Company or any subsidiary. Any such provision shall be made by a resolution of the board in accordance with the said section.

PROCEEDINGS OF DIRECTORS

- 113. Subject to the provisions of the Articles, the board may regulate its proceedings as it thinks fit. A director may, and the secretary at the request of a director shall, call a meeting of the board. Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. It shall not be necessary to give notice of a board meeting to any director who is for the time being absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. Any director may waive notice of a meeting and any such waiver may be retrospective.
- 114. The quorum for the transaction of the business of the board may be fixed by the board and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. For the purpose of determining whether the quorum for the transaction of the business of the board exists:-
 - (a) in the case of a resolution agreed by directors in telephonic communications, all such directors shall be counted in the quorum; and
 - (b) in the case of a meeting of directors, in addition to the directors present at the meeting, any director in telephonic communication with such meeting shall be counted in the quorum.

- 115. Unless he is unwilling to do so, the director appointed as Chairman, or in his stead the director appointed as deputy chairman, shall preside at every meeting of the board at which he is present. If there is no director holding either of those offices, or if neither the chairman nor the deputy chairman is willing to preside or neither of them is present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
- 116. All acts done by a meeting of the board, or of a committee or of a sub-committee of the board, or by a person acting as a director or by an alternate director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of or continuance in office of any director or any alternate director or any person acting as aforesaid or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed or had duly continued in office and was qualified and had continued to be a director or, as the case may be, an alternate director and had been entitled to vote.
- 117. (1) A resolution in writing signed by all the directors entitled to receive notice of a meeting of the board or of a committee of the board (not being less than the number of directors required to form a quorum of the board) shall be as valid and effectual as if it had been passed at a meeting of the board or (as the case may be) a committee of the board duly convened and held and for this purpose -
 - (a) a resolution may consist of several documents to the same effect each signed by one or more directors;
 - (b) a resolution signed by an alternate director need not also be signed by his appointor; and
 - (c) a resolution signed by a director who has appointed an alternate director need not also be signed by the alternate director in that capacity.
- (2) Without prejudice to the first sentence of Article 113, a meeting of the board or of a committee or of a sub-committee of the board may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously. A director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, if there is no

such group, where the chairman of the meeting then is. The word "meeting" in the Articles shall be construed accordingly.

SECRETARY

- 118. (1) Subject to the provisions of the Companies Acts, the secretary shall be appointed by the board for such term, at such remuneration and upon such conditions as it may think fit; and any secretary so appointed may be removed by the board.
- (2) A provision of the Companies Acts or these Articles requiring or authorising a thing to be done by or to a director and the secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, the secretary.

MINUTES

- 119. The board shall cause minutes to be made in books kept for the purpose -
 - (a) of all appointments of officers made by the board; and
 - (b) of the names of the Directors present at each meeting of the board and of any committee of the board; and
 - (c) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, of the board, and of committees of the board, including the names of the directors present at each such meeting.

Any such minutes, if purporting to be signed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts therein stated.

THE SEAL

- 120. The seal shall only be used by the authority of a resolution of the board or of a committee of the board. The board may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by at least one director and the secretary or by at least two directors.
- 121. All forms of certificates for shares, or debentures or representing any other form of security (other than letters of allotment or scrip certificates) shall except to the extent that the terms and conditions for the time being relating thereto otherwise

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provide be issued under the seal in the manner above provided; but the board may by resolution determine either generally or in any particular case that as regards any certificates for shares or debentures or representing any other form of security of the Company such signature or signatures shall be dispensed with or affixed by some mechanical means. Any certificate executed in accordance with the foregoing shall be held to have been validly executed and shall be presumed to be authentic whether or not any signature is attested by witnesses.

122. The Company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad and such powers shall be vested in the Board.

DIVIDENDS

- 123. Subject to the provisions of the Companies Acts, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend or interim dividend shall exceed the amount recommended by the board.
- 124. Subject to the provisions of the Companies Acts, the board may pay interim dividends if it appears to the board that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the board may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. board may also pay any dividend payable at a fixed rate on any shares of the Company with preferential rights half-yearly or otherwise if it appears to the board that the profits available for distribution justify the payment. Provided the board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
- 125. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid; but no amount paid on a share in advance of the date on which a call is payable shall be treated for the purposes of this Article as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on

terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

- 126. A general meeting declaring a dividend may, upon the recommendation of the board, direct that it shall be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, and, where any difficulty arises in regard to the distribution, the board may settle the same as it thinks fit and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or disregard fractions altogether and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.
- 127. The board may deduct from any dividend or other moneys payable to any member in respect of a share any moneys presently payable by him to the Company on account of calls or otherwise in relation to shares in the Company.
- 128. (1) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the directors, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.
- (2) The Board may pay the dividends or interest payable on shares in respect of which any person is by transmission entitled to be registered as holder to such person upon production of such certificate and evidence as would be required if such person desired to be registered as a member in respect of such shares.
- 129. Any dividend or other moneys payable in respect of a share may be paid by cheque or warrant sent by post to the address in the register of the holder or person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to the address in the register of any one of those joint holders or to such person and to such address as the person or persons entitled may in writing direct. Where the person entitled is also an employee of the Company or any of its subsidiaries, the cheques may instead be sent through the Company's or, as the case may be, subsidiary's internal postal system. Every such cheque or warrant

shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and shall be sent at the risk of the person entitled, and payment of the cheque shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share. Any such dividend or other money may also be paid by any other method (including direct debit, bank transfer and dividend warrant) which the board considers appropriate.

- 130. No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- 131. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the board so resolves, be forfeited and cease to remain owing by the Company. The payment by the board of any unclaimed dividend or other moneys payable in respect of a share into a separate account shall not constitute the Company a trustee thereof. The Company shall be entitled to cease sending dividend warrants and cheques by post or otherwise to a member if such instruments have been returned undelivered to, or left uncashed by, that member on at least two consecutive occasions. The entitlement conferred on the Company by this Article in respect of any member shall cease if such member claims a dividend or cashes a dividend warrant or cheque.

CAPITALISATION OF PROFITS AND RESERVES

- 132. The Company may, upon the recommendation of the board -
 - (a) subject as hereinafter provided, resolve to capitalise any undistributed profits of the Company not required for paying the fixed dividends on any preference shares or other shares issued on special conditions (whether or not they are available for distribution) or any sum standing to the credit of any reserve or other fund, including the Company's share premium account and capital redemption reserve;
 - (b) appropriate the sum resolved to be capitalised to the members on the record date specified in the relevant resolution who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares, debentures or other obligations of

the Company of a nominal amount equal to that sum, and allot the shares, debentures or other obligations credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;

- (c) make such provision (by the issue of fractional certificates or by payment in cash or otherwise) as it thinks fit for the case of shares, debentures or obligations becoming distributable in fractions;
- (d) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for either -
 - (i) the allotment to such members respectively, credited as fully paid, of any shares, debentures or other obligations to which they are entitled upon such capitalisation; or
 - (ii) the payment up by the Company on behalf of such members (by the application thereto of their respective proportions of the profits resolved to be capitalised) of the amounts or any part of the amounts, remaining unpaid on their existing shares

and any agreement made under such authority shall be binding on all such members; and

(e) generally do all acts and things required to give effect to such resolution as aforesaid.

ACCOUNTS AND AUDIT

- 133. (1) No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the board or by ordinary resolution of the Company. The accounting records shall be kept at the office or (subject to the provisions of the Companies Acts) at such other place in Great Britain as the board thinks fit, and shall at all times be open to inspection by the officers of the Company.
- (2) A copy of every balance sheet and profit and loss account (including any documents required by law to be annexed thereto) which

is to be laid before the Company in general meeting and of the directors' and auditors' reports shall, at least twenty-one days previously to the meeting, be delivered or sent by post to every member and to every debenture holder of the Company of whose address the Company is aware, and to every other person who is entitled to receive notice of meetings from the Company under the provisions of the Companies Acts or of the Articles or, in the case of joint holders of any share or debenture, to one of the joint holders, and copies shall be sent to The Stock Exchange in accordance with any obligations for the time being binding the Company.

- 134. (1) Auditors of the Company shall be appointed and their duties regulated in accordance with the Companies Acts.
- (2) The auditors' report to the members made pursuant to the statutory provisions as to audit shall be read before the Company in general meeting and shall be open to inspection by any member; and in accordance with the Companies Acts every member shall be entitled to be furnished with a copy of the balance sheet (including every document required by law to be annexed thereto) and auditors' report.

NOTICES

- 135. Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the board need not be in writing.
- 136. The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his address in the register or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register in respect of the joint holding and notice so given shall be deemed for all purposes sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.
- 137. A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
- 138. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy or mental disorder of a member by sending or delivering it, in any manner authorised by

the Articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

- 139. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register, has been duly given to a person from whom he derives his title, provided that no person who becomes entitled to a share shall be bound by any Default Notice issued under Article 69 to a person from whom he derives his title.
- 140. (1) Any notice or other document, if sent by post, shall be deemed to have been served or delivered on the day following that on which it was put in the post and, in proving service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post. Any notice or other document not sent by post but left at a registered address shall be deemed to have been served or delivered on the day it was so left.
- (2) Any notice or document sent by post to, or left at the address in the register of, any member in pursuance of these Articles shall, notwithstanding such member be then deceased or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share, whether held solely or jointly with other persons by such member, until some other person be registered in his stead as holder or joint holder thereof, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in such share.
- 141. (1) If at any time, in the opinion of the directors, the Company is unable effectively or satisfactorily to convene a general meeting by notices sent through the post in the United Kingdom as a result of the suspension or curtailment of postal services, notice of such general meeting may be sufficiently given by advertisement in the United Kingdom. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.
- (2) Any notice given by advertisement shall be advertised on the same date in at least two daily newspapers having a national circulation and such notice shall be deemed to have been served at noon on the day when the advertisement appears.

DESTRUCTION OF DOCUMENTS

The Company shall be entitled to destroy all instruments of transfer of shares which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates or variations or cancellations thereof and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof and all paid dividend warrants and cheques at any time after the expiration of one year from the date of actual payment thereof and all instruments of proxy which have been used for the purpose of a poll at any time after the expiration of one year from the date of such use and all instruments of proxy which have not been used for the purpose of a poll at any time after one month from the end of the meeting to which the instrument of proxy relates and at which no poll was demanded. It shall conclusively be presumed in favour of the Company that every entry in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made, that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered, that every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and that every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided always that:-

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

UNTRACED SHAREHOLDERS

143. (1) The Company shall be entitled to sell the shares of a member or the shares to which a person is entitled by virtue of transmission on death, bankruptcy, or otherwise by operation of law if and provided that -

- (a) during the period of twelve years prior to the date of the publication of the advertisements referred to in paragraph (b) below (or, if published on different dates, the first thereof) at least three dividends in respect of the shares in question have been declared and all dividend warrants and cheques which have been sent in the manner authorised by the Articles in respect of the shares in question have remained uncashed; and
- (b) the Company shall as soon as practicable after expiry of the said period of twelve years have inserted advertisements both in a national daily newspaper and in a newspaper circulating in the area of the last known address of such member or other person giving notice of its intention to sell the shares; and
- (c) during the said period of twelve years and the period of three months following the publication of the said advertisements the Company shall have received no indication either of the whereabouts or of the existence of such member or person; and
- (d) if the shares are listed on The Stock Exchange, notice shall have been given to the Quotations Department of The Stock Exchange of the Company's intention to make such sale prior to the publication of advertisements.

If during any twelve year period referred to in paragraph (a) above, further shares have been issued in right of those held at the beginning of such period or of any previously issued during such period and all the other requirements of this Article have been satisfied in regard to the further shares, the Company may also sell the further shares.

- (2) To give effect to any such sale, the board may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. The transferee shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity in, or invalidity of, the proceedings in reference to the sale.
- (3) The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the

books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments as the board from time to time thinks fit.

WINDING UP

144. If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

145. The power of sale of a liquidator shall include a power to sell wholly or partially for shares or debentures or other obligations of another company, either then already constituted or about to be constituted for the purpose of carrying out the sale.

INDEMNITY

- 146. Subject to the provisions of the Companies Acts but without prejudice to any indemnity to which a director may otherwise be entitled:-
 - the Company may indemnify any director of the Company against any liability and may purchase and maintain for any director of the Company insurance against any liability;
 - (ii) without prejudice to the generality of (i) above, every director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court, from liability for negligence, default or breach of duty or trust in relation to the affairs of the Company.

CB990290047_16.doc

205381/11404 CB990290047 CRS 020606:1056



RECEIVED

7006 JUL 10 P 1:22

88(2)

GEFICE OF INTERNATIONAL CORPORATE FINANCE

Return of allotments of shares (excluding non-cash)

Company Name:	THE PARAGON GROUP OF COMPANIES PLC				
Company Number:	02336032				
This is a summary of the information submitted to Companies House on . This document does not indicate that the submission has been successful. You will receive separate notification when the submission has been accepted or rejected.					
Date Alloted:					
From:	02/03/2006				
To (optional):					
!					
Allotted shares:	GBP				
Share Class: -	Ordinary				
Share Issued:	220000				
Share holdings:					
	_				
Share Holder	Type	Shares Held 220000			
Apollo Nominees Limited	Single	220000			
Address:					
1 Finsbury Avenue					
LONDON					
United Kingdom EC2M 2PP					
EUZIVI ZFF					



<ef@ef.companies-house.gov .uk>

02/03/2006 15:31

Please respond to ef-ack@ef.companies-house.g ov.uk To emma.lapthorne@paragon-group.co.uk

CC

bcc

Subject Companies House Web-Filing Service

This message has been generated in response to the company details submitted to the Companies House Web-Filing Service on 02/03/2006.

Company number: 02336032

Company name: THE PARAGON GROUP OF COMPANIES PLC

The allotment of shares for the above company was accepted on 02/03/2006. This will be shown as a form 882 on the public record.

The filing reference number is 934176. Please quote this reference in any communication with Companies House concerning this transaction.

Thank you for visiting the Companies House Web site.

Service desk tel: 0870 333 3636 or e-mail: enquiries@companieshouse.gov.uk



web-filing@companies-house. gov.uk

02/03/2006 15:07

Please respond to enquiries@companieshouse.g ov.uk To emma.lapthorne@paragon-group.co.uk

cc

bcc

Subject Companies House WebFiling Service Confirmation

This message has been generated in response to the company details submitted to Companies House WebFiling service on 02/03/2006.

Company Number:

02336032

Company Name:

THE PARAGON GROUP OF COMPANIES PLC

You will receive an email within the next 5 days to confirm whether the document has been accepted or rejected. The document changes will only be displayed online when they have been accepted.

The Filing Reference Number is 000-934176

Please quote this reference in any communication with Companies House.

Thank you for visiting the Companies House Website.

Contact Centre tel: +44 (0)870 33 33 636 or e-mail: enquiries@companieshouse.gov.uk

Webfiling Service Confirmation

You have requested the following transaction:

Company

02336032

Number:

Company Name:

THE PARAGON GROUP OF COMPANIES PLC

Submission

000-934176

Number:

Date

Type

02/03/2006

882

It will take approx. 2 working days to process your data. You will receive one email to confirm receipt of your data and another to confirm that it has been accepted or rejected. Data will only be displayed online when it has been accepted at Companies House.

Service Desk telephone number +44 (0)870 333 3636



2036 JUL 10 P 1:22



Companies House

Return of allotments of shares (excluding non-cash)

Company Name:	THE PARAGON	THE PARAGON GROUP OF COMPANIES PLC			
Company Number:	02336032				
This is a summary of the information submitted to Companies House on . This document does not indicate that the submission has been successful. You will receive separate notification when the submission has been accepted or rejected.					
Date Alloted:					
From:		16/03/2006			
To (optional):					
Allotted shares:		GBP			
Share Class:		Ordinary			
Shares Issued:		44000			
Share holdings:					
Share Holder		Туре	Shares Held		
Apollo Nominees Limited		Single	44000		
Address:					
1 Finsbury Avenue					
LONDON					
United Kingdom					
EC2M 2PP					



<ef@ef.companies-house.gov

17/03/2006 11:21

Please respond to ef-ack@ef.companies-house.g ov.uk

To emma.lapthorne@paragon-group.co.uk

. . .

bcc

Subject Companies House Web-Filing Service

This message has been generated in response to the company details submitted to the Companies House Web-Filing Service on 17/03/2006.

Company number: 02336032

Company name: THE PARAGON GROUP OF COMPANIES PLC

The allotment of shares for the above company was accepted on 17/03/2006. This will be shown as a form 882 on the public record.

The filing reference number is 982092. Please quote this reference in any communication with Companies House concerning this transaction.

Thank you for visiting the Companies House Web site.

Service desk tel: 0870 333 3636 or e-mail: enquiries@companieshouse.gov.uk



Return of allotments of shares (excluding non-cash)

Company Name: Company Number:	THE PARAGON GROUP OF COMPANIES PLC 02336032				
This is a summary of the information submitted to Companies House on . This document does not indicate that the submission has been successful. You will receive separate notification when the submission has been accepted or rejected.					
Date Alloted:					
From: To (optional):	30/03/2006				
Allotted shares:	GBP				
Share Class:	Ordinary				
Shares Issued:	1398				
Share holdings:					
Share Holder	Ťype S	Shares Held			
Rachel Louise Reader	Single 1	398			
Address: 20 Stockwell Rise Damsonwood SOLIHULL West Midlands United Kingdom B92 9LX					



<ef@ef.companies-house.gov .uk>

30/03/2006 14:11

Please respond to ef-ack@ef.companies-house.g ov.uk

To emma.lapthorne@paragon-group.co.uk

CC

bcc

Subject Companies House Web-Filing Service

This message has been generated in response to the company details submitted to the Companies House Web-Filing Service on 30/03/2006.

Company number: 02336032

Company name: THE PARAGON GROUP OF COMPANIES PLC

The allotment of shares for the above company was accepted on 30/03/2006. This will be shown as a form 882 on the public record.

The filing reference number is 027915. Please quote this reference in any communication with Companies House concerning this transaction.

Thank you for visiting the Companies House Web site.

Service desk tel: 0870 333 3636 or e-mail: enquiries@companieshouse.gov.uk

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288c

Change of Particulars for Director or Secretary

Company Name:

THE PARAGON GROUP OF COMPANIES PLC

Company Number:

02336032

This is a summary of the information submitted to Companies House on. This document does not indicate that the submission has been successful. You will receive separate notification when the submission has been accepted or rejected.

Date of change of particulars:

24/03/2006

Name:

John Grigor GEMMELL

Date of Birth: 22/02/1954

Nationality:

Occupation:

Address: Lillingstone

84 Knowle Wood Road

Dorridge SOLIHULL West Midlands United Kingdom

B93 8JP

1



<ef@ef.companies-house.gov .uk>

06/04/2006 13:02

Please respond to ef-ack@ef.companies-house.g ov.uk

To emma.lapthorne@paragon-group.co.uk

CC

bcc

Subject Companies House Web-Filing Service

This message has been generated in response to the company details submitted to the Companies House Web-Filing Service on 05/04/2006.

Company number: 02336032

Company name: THE PARAGON GROUP OF COMPANIES PLC

The change of particulars of the appointment of JOHN GRIGOR GEMMELL as secretary for the above company was accepted on 06/04/2006. This will be shown as a form 288c on the public record.

The filing reference number is 051010. Please quote this reference in any communication with Companies House concerning this transaction.

Thank you for visiting the Companies House Web site.

Service desk tel: 0870 333 3636 or e-mail: enquiries@companieshouse.gov.uk



web-filing@companies-house. gov.uk

05/04/2006 16:58

Please respond to enquiries@companieshouse.g

To emma.lapthome@paragon-group.co.uk

CC

bcc

Subject Companies House WebFiling Service Confirmation

This message has been generated in response to the company details submitted to Companies House WebFiling service on 05/04/2006.

Company Number:

02336032

Company Name:

THE PARAGON GROUP OF COMPANIES PLC

You will receive an email within the next 5 days to confirm whether the document has been accepted or rejected. The document changes will only be displayed online when they have been accepted.

The Filing Reference Number is 001-051010

Please quote this reference in any communication with Companies House.

Thank you for visiting the Companies House Website.

Contact Centre tel: +44 (0)870 33 33 636 or e-mail: enquiries@companieshouse.gov.uk

in the space be



CHWP000

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block letterina

Company Number

2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PL

For Inland R use only

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TRE

Note This return must be delivered to the Registrar within a period of 28 days beginning with first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares* as defined by section 162(4) of the Companies

Class of shares **ORDINARY** (ordinary or preference etc) Number of shares

Date(s) shares delivered to the company

For each share: Nominal value

Maximum price paid Minimum price paid

179,000 31/03/2006

£0.10 £7.48 £7.48

The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

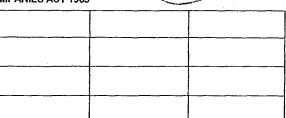
£ 1,338,920.00 £ 6,695.00

PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

(ordinary or preference etc) Number of shares

Nominal value of each share

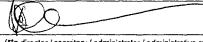
Date(s) shares delivered to the company



**Delete as appropriate

Act 1985

Signed



Date

31/03/2006

eter / secretary / administrator / adn

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

This form has been provided free of charge by Companies House.

MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT,

HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE

Tel 0121 712 2077

DX number

DX exchange

When you have completed and signed the form and it has been stamped by the Inland Revenue please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff for companies registered in England and Wales



Companies House

- for the record --

RECEIAED

JUL 10 P 1: 23 B

169(1B)

Return by a public company purchasing its own OFFICE OF INTERNATE shares for holding in treasury ORATE FINANCE

CHWP000	С	н	W	P0	00
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Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering

Company Number | 2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC

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PART A: DURCHASE BY COMPANY OF ITS OWN SHAPES FOR HOLDING IN TREASURY

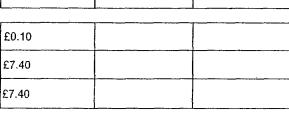
Note This return must be delivered to the Flegistrar within a period of 28 davs beginning with the first clate on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4) of the Companies

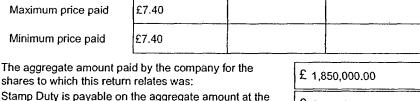
Act 1985

appropriate

Truttruit ofton brock by oor	/	OTTALLE TOTAL TOPPOR	TO IN TILL AUGILT
Class of shares (ordinary or preference etc)	ORDINARY		
Number of shares	250,000		
Date(s) shares delivered to the company	05/04/2006		
For each share:			

	I	L
£0.10		
£7.40		
£7.40		







£ 9,250.00 rate of 0.5 % rounded up to the nearest multiple of £5

PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares		
Nominal value of each share		
Date(s) shares delivered	· ·	

DX number

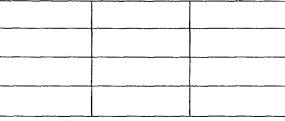
Signed

	to the company
Delete as	

Nominal value

Maximum price paid

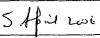
Minimum price paid





Date

DX exchange



(**a director-/ secretary /-administrator-/ administrative receiver / rec

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

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MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE

Tel 0121 712 2077

When you have completed and signed the form and it has been stamped by the Inland Revenue please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff for companies registered in England and Wales



169(1

Return by a public company purchasing shares for holding in

CHWP000

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering

Company Number | 2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC

Please do not write in the space



davs



company. Shares placed in treasury must be "quali: ying shares" as defined by section 162(4) of the Companies Act 1985

PART A: PURCHASE BY CO	MPANY OF ITS OWN	SHARES FOR HOLDIN	IG IN TREASURY
Class of shares (ordinary or preference etc)	ORDINARY		
	· · · · · · · · · · · · · · · · · · ·		

Number of shares 78,000 Date(s) shares delivered 11/04/2006 to the company

For each share: Nominal value

Maximum price paid

Minimum price paid

£0.10	
£7.3152	
£7.3152	

The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£ 570,585.60 £ 2.855.00

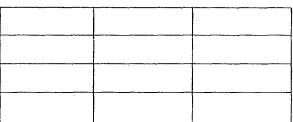


PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company



**Delete as appropriate Signed

Date



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Companies House receipt date barcode

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MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE

Tel 0121 712 2077

DX number DX exchange

When you have completed and signed the form and it has been stamped by the Inland Revenue please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ for companies registered in England and Wales





Return by a public company purchasing its of shares for holdingan treasur

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·	п	¥¥	r	v	U	u

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering

Company Number 2336032

Company Name in full THE PARAGON GROUP OF COMPANIES PLC in the space below. For Inland Revenue



DADT A: DUDCHASE BY COMPANY OF ITS OWN SHADES FOR HOLDING IN TREASHOY

Note This return must be delivered to the Registrar within a period of 28 davs beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be qualitying shares" as defined by section 162(4) of the Companies

Act 1985

appropriate

FART A. FUNCTIAGE BY COMPART OF 113 OWN SHARES FOR HOLDING IN TREASURT				
Class of shares (ordinary or preference etc)	ORDINARY			
Number of shares	50,000			
Date(s) shares delivered to the company	18/04/2006			
For each share:				
Nominal value	£0.10			
Maximum price paid	£7.06			
Minimum price paid	£7.06			
		_		

The aggregate amount paid by the company for the £ 353,000.00 shares to which this return relates was: Stamp Duty is payable on the aggregate amount at the

£ 1,765.00



PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

rate of 0.5 % rounded up to the nearest multiple of £5

Class of shares (ordinary or preference etc) Number of shares

each share Date(s) shares delivered

Nominal value of

to the company **Delete as

Signed

Date

(**a-director/ secretary /-administrator/ administrative receiver

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

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MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE Tel 0121 712 2077 DX exchange DX number

When you have completed and signed the form and it has been stamped by the Inland Revenue please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff for companies registered in England and Wales Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB for companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2



Companies House

for the record ---

169(1B)

Return by a public company purchasing its own shares for holding in treasury

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C.	н١	w	\mathbf{r}	4 8	81	ł

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or hold block **Jettering**

Company Number | 2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC

Please do not write in the space below For Inland Revenue use only.

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 davs beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be *qualifying shares" as defined by section 162(4) of the Companies

to

Nominal value

Maximum price paid

Minimum price paid

Class of shares (ordinary or preference etc)	ORDINARY	
Number of shares	30,000	
Date(s) shares delivered to the company	19/04/2006	
For each share:		

L	l	l
£0.10		
£6.855		
£6.800		

The aggregate amount paid by the company for the shares to which this return relates was: Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

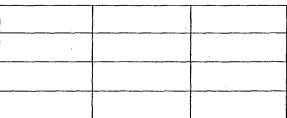
£ 204,933.00 £ 1,025.00



PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares Nominal value of

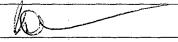
each share Date(s) shares delivered to the company



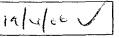
**Delete as appropriate

Act 1985

Signed



Date



(**a director / secretary / edministrator / administrative

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

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MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE Tel 0121 712 2077

DX number DX exchange

When you have completed and signed the form and it has been stamped by the Inland Revenue please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff for companies registered in England and Wales Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB for companies registered in Scotland DX 235 Edinburgh or LP - 4 Edinburgh 2



BECEIAED

169(1B)

ZM PUL 10 P 1: 23 Retui

Return by a public company purchasing its own OFFICE OF INTERNATIONAL shares for holding in treasury CORPORATE FINANCE

Pursuant to section 169(1B) of the Companies Act 1985



Company Number 2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC





PART A: PURCHASE BY COMPANY OF ITS: OWN SHARES FOR HOLDING IN TREASURY

Class of shares
(ordinary or preference etc)

Number of shares

40,000

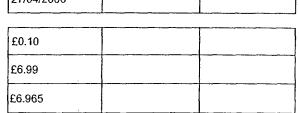
Date(s) shares delivered to the company

27/04/2006

For each share: Nominal value

Maximum price paid

Minimum price paid





company.
Shares placed in treasury must be "qualifying shares" as defined by section 162(4) of the Companies Act 1985

The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£ 278,640.00 £ 1,395.00



PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company

**Delete as appropriate

Signed



Date



(**a director/ secretary / administrator / administrative receiver / receiver manager / receiver)

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

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MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT,
HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE

Tel 0121 712 2077

DX number

DX exchange

When you have completed and signed the form and it has been stamped by the Inland Revenue please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff for companies registered in England and Wales or



Companies House

--- for the record --



Return by a publication

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CHWP000

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lette.ring

Company Number | 2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC

Please do not write in the space below. For Inland Revenue use only



PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note: This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4) of the

Class of shares		
(ordinary or preference etc)	ORDINARY	
Number of shares	65,000	
Date(s) shares delivered to the company	28/04/2006	
For each share:	· · · · · · · · · · · · · · · · · · ·	
Nominal value	£0.10	
Maximum price paid	£7.00	
Minimum price paid	£7.00	

The aggregate amount paid by the company for the

£ 455,000.00 £ 2,275.00





PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the

rate of 0.5 % rounded up to the nearest multiple of £5

Nominal value of each share

Date(s) shares delivered to the company

**Delete as appropriate

Companies

Act 1985

Signed



Date



(**a-director / secretary /-administrator / administrative-receiver-/-receive

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

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MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT,

HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE

Tel 0121 712 2077

DX number

DX exchange

When you have completed and signed the form and it has been stamped by the Inland Revenue please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ for companies registered in England and Wales Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB



for the record -



Return by a public company purchasing its own shares for holding in reason

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Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering Company Number 2336032

2336032

Company Name in full THE PARAGON GROUP OF COMPANIES PL

For HM Revenue &
Customs use only.



Note This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which: shares to which it relates were delivered to the сотралу. Shares placed in treasury must be

"qualitying

shares" as

defined by section 162(4)

Companies

Act 1985

of the

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TRECE

Class of shares
(ordinary or preference etc)

Number of shares

129,000

Date(s) shares delivered to the company

For each share: Nominal value

Maximum price paid

Minimum price paid

ORDINARY	
129,000	
17/05/2006	

£0.10 £6.99 £6.50

The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£ 885,739.80 £ 4,430.00



PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company

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Date

17/05/2006

(**a director-/ secretary / administrator / administrative receiver / receiver manager / receiver)

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Companies House receipt date barcode

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MISS EMMA LAPTHORNE, PARAGON, ST CATHERINE'S COURT,

HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE

Tel 0121 712 2077

DX number

DX exchange

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Return by a public company purchasing its own shares for holding in treasury

CHWP000

Pursuant to section 169(1B) of the Companies Act 1985



Company Number	2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC







Shares placed in treasury must be 'qualifying shares" as defined by section 162(4) of the Companies

Act 1935

PART A: PURCHASE BY COMPANY OF IT	S OWN SHARES FOR HOLDING IN TREASUR
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* · · · ·		
Class of shares fordinary or preference etc)	ORDINARY	
Number of shares	117,500	
Date(s) shares delivered on the company	18/05/2006	

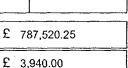
For each share: Nominal value

£6.75

£0.10

Maximum price paid

Minimum price paid	£6.68	
withinani price paid	120.00	
The aggregate amount p shares to which this retu	paid by the company for the relates was:	£ 787,520.25
Stamp Duty is payable on the aggregate amount at the		e C 201200



rate of 0.5 % rounded up to the nearest multiple of £5 PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares
(ordinary or preference etc)
Number of shares

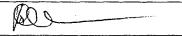
Nominal value of each share

Date(s) shares delivered to the company

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Date

18/05/2006

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DX 33050 Cardiff Companies House, Crown Way, Cardiff, CF14 3UZ for companies registered in England and Wales



Return by a public company purchasi shares for holding (

CHWP000

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or **Lold** block lettering

Company Number | 2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC



PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4) of the Companies

Class of snares (ordinary or preference etc)	ORDINARY	
Number of shares	52,500	
Date(s) shares delivered to the company	24/05/2006	
For each share:		
Nominal value	£0.10	
Maximum price paid	£6.54	
Minimum price paid	£6.47	

341,754,00 1,710.00

rate of 0.5 % rounded up to the nearest multiple of £5 PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

The aggregate amount paid by the company for the

Stamp Duty is payable on the aggregate amount at the

shares to which this return relates was:

Class of shares (ordinary or preference etc) Number of shares

each share Date(s) shares delivered

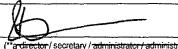
Nominal value of

to the company

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Act 1985

Signed



Date

"a director / secretary / administrator / administrative receive

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For HM Revenues

Return by a public company purchasing shares for holding in treasu

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Pursuant to section 169(1B) of the Companies Act 1985

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Company Number |2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 beginning with first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4) of the Companies

Class of shares (ordinary or preference etc)	ORDINARY	
Number of shares	124,000	
Date(s) shares delivered to the company	19/05/2006	
For each share:		
Nominal value	£0.10	
Maximum price paid	£6.70	
Minimum price paid	£6.55	

The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£ 829,498.00 £ 4,150.00

PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company

**Delete as appropriate

Act 1985

Signed

Date 19/05/2006

(**a-director / secretary / administrator / administrative rece

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169(1B)

Return by a public company purchasing its own shares for holding in treasury

CHWP000	Pursuant to section 169(1B)	of the Companies Ac	it 1985			Please do not write	
Flease complete	Company Number	2336032				in the space below. For HM Renember 1	O.
legibly in black type or bold block lettering	Company Name in full	THE PARAGON G	ROUP OF C	OMPANIES	PLC		
	PART A: PURCHASE BY CO	OMPANY OF ITS OWN	SHARES FOR	HOLDING II	N TREASURY		S
Note This return must be	Class of shares (ordinary or preference etc)	ODDINADY					
delivered to the Registrar	Number of shares	150,000					
within a period of 28 days	Date(s) shares delivered to the company	22/05/2006					
beginning with the	For each share:						- -
first date on which	Nominal value	£0.10				POUNDS	
shares to which it	Maximum price paid	£6.885					Q
relates were delivered to the	Minimum price paid	£6.600			···		
company. Shares placed in treasury	The aggregate amount pa shares to which this return		or the	£ 1,023	,840.00		7
must be "qualifying shares" as	Stamp Duty is payable on rate of 0.5 % rounded up t			£ 5,120	.00		
defined by section 162(4) of the	PART B: FULLY PAID BONU SECTION 162C(6) OF THE C			PURSUANT	то		
Companies Act 1985	Class of shares					ZOON JUL). T
	(ordinary or preference etc) Number of shares					OR AN	
	Nominal value of each share						CM
	Date(s) shares delivered to the company					75 -	J
**Delete as appropriate	Signed	R			Date 2	2/05/2006	
		(**a director / secretary /-	administrator/ad	ministrative rec			
	to give any contact	MISS EMMA LAPTH	HORNE, PAR	AGON, ST	CATHERINE	e's COURT,	
do, it will help Co	e box opposite, but if you ompanies House to	HERBERT ROAD, SOLIHULL, WEST MIDLANDS, B91 3QE			QE		
The contact info	ere is a query on the form. rmation that you give will			Tel	0121 712 2	2077	
de visible to seal	rchers of the public record.	DX number		DX	exchange		

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eturn by a public company purchasing shares for holding in treasu

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CHWP000

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering

Company Number 2336032

Company Name in full THE PARAGON GROUP OF COMPANIES PLC

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4)

Class of shares **ORDINARY** (ordinary or preference etc) Number of shares

Date(s) shares delivered to the company

For each share: Nominal value

Maximum price paid

Minimum price paid

164,000 23/05/2006

£0.10 £6.57 £6.45

The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

1,066,639,60 5,335.00

PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company

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Signed

Date

(**a-director-/ secretary /-administrator-/-administrative-receiver

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HERBERT ROAD, SOLIH	ULL, WEST MIDLANDS, B91 3QE	
	Tel 0121 712 2077	
DX number	DX exchange	

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Return by a public company purchasin ัฐร์ร oพื shares for holding in reasur

CHWP000

Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering

Company Number | 2336032

Company Name in full THE PARAGON GROUP OF COMPANIES PLC



PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4) of the Companies

Class of shares (ordinary or preference etc)	ORDINARY	
Number of shares	20,000	
Date(s) shares delivered to the company	31/05/2006	
For each share:		
Nominal value	£0.10	
Maximum price paid	£6.25	

The aggregate amount paid by the company for the 125,000.00 Stamp Duty is payable on the aggregate amount at the

£ 625.00



PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

£6.25

rate of 0.5 % rounded up to the nearest multiple of £5

Class of shares (ordinary or preference etc) Number of shares

Minimum price paid

shares to which this return relates was:

Nominal value of each share

Date(s) shares delivered to the company

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Date

31/05/2006

(**ardirector / secretary /-administrator

You do not have to give any contact information in the box opposite, but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

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HERBERT ROAD, SOLIF	HULL, WEST MIDLANDS, B91 3QE
	Tel 0121 712 2077
DX number	DX exchange

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2006 JUL 10 P 1: ~3 Return by a public company purchasing its own E OF INTERNATION SPORATE PHIARC es for holding in treasury

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Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering

Company Number 2336032

Company Name in full THE PARAGON GROUP OF COMPANIE

Please do not write in the space below. For HM Revenue & Customs use only.



PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN

Note This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as

defined by section 162(4)

Companies

Act 1985

of the

Class of shares (ordinary or preference etc)

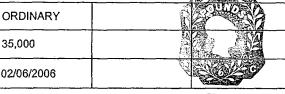
Number of shares

Date(s) shares delivered to the company

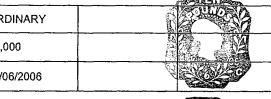
For each share: Nominal value

Maximum price paid

Minimum price paid



£6.51



£0.10

£6.51

The aggregate amount paid by the company for the

Stamp Duty is payable on the aggregate amount at the

shares to which this return relates was:



£ 227,850,00

£ 1.140.00



rate of 0.5 % rounded up to the nearest multiple of £5 PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company

**Delete as appropriate

Signed

Date

02/06/06

(**a-clirector / secretary / administrator / administrative-receiver / receiv

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Return by a public company purchasing its own shares for holding in treasury C OF INTERNATIONAL

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RPORATE FINANC Pursuant to section 169(1B) of the Companies Act 1985

Please complete legibly in black type or bold block lettering

Company Number 2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC

Please do not write in the space below. For HM Revenue & Customs use only.

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 days beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4) of the Companies

Class of shares (ordinary or preference etc)

Number of shares

Date(s) shares delivered to the company

For each share: Nominal value

Maximum price paid

Minimum price paid

ORDINARY	
100,000	_
13/06/2006	

£0.10

£6.55

£6.39







The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

3,250,00

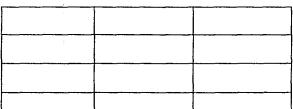
£ 649,550.00

PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

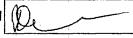
Date(s) shares delivered to the company



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Signed



Date

13/06/2006

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Return by a public company purchasing its own shares for holding in treasury

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Pursuant to section 169(1B) of the Companies Act 1985

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Please complete legibly in black type or bold block lettering

Company Number |2336032

Company Name in full | THE PARAGON GROUP OF COMPANIES PLC



PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN T

Note This return must be delivered to the Registrar within a period of 28 days beginning with first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be qualifying shares" as

defined by section 162(4)

Companies Act 1985

of the

Class of shares (ordinary or preference etc)

Number of shares

Date(s) shares delivered to the company

For each share: Nominal value

Maximum price paid Minimum price paid

ORDINARY 100,000 09/06/2006

£0.10 £6.60 £6.51



The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£ 657,000.00 £ 3,285.00



PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

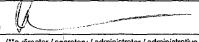
Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

Date(s) shares delivered to the company

**Delete as appropriate

Signed



Date

09/06/06

(**a director/ secretary / administrator / administrative

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DX 33050 Cardiff Companies House, Crown Way, Cardiff, CF14 3UZ for companies registered in England and Wales





by a public company purchasing its own shares for holding in treasury

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Pursuant to section 169(1B) of the Compani

Please complete legibly in black type or **bold block** lettering

Company Number 2336032

Company Name in full THE PAR

COMPANIES PLC

Please do not write in the space below. For HM

PART A: PURCHASE BY COMPANY OF ITS OWN SHARES FOR HOLDING IN TREASURY

Note This return must be delivered to the Registrar within a period of 28 davs beginning with the first date on which shares to which it relates were delivered to the company. Shares placed in treasury must be "qualifying shares" as defined by section 162(4) of the Companies

Class of shares **ORDINARY** (ordinary or preference etc) Number of shares 50,000 Date(s) shares delivered 12/06/2006 to the company

£0.10 Maximum price paid £6.555

£6.500 The aggregate amount paid by the company for the shares to which this return relates was:

Stamp Duty is payable on the aggregate amount at the rate of 0.5 % rounded up to the nearest multiple of £5

£ 326,750,00 £ 1,635.00





PART B: FULLY PAID BONUS SHARES PLACED IN TREASURY PURSUANT TO SECTION 162C(6) OF THE COMPANIES ACT 1985

Class of shares (ordinary or preference etc) Number of shares

Nominal value of each share

For each share:

Nominal value

Minimum price paid

Date(s) shares delivered to the company

**Delete as appropriate

Act 1985

Signed

Date

12/06/06

ctor / secretary /-administrator /-administrati

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Regulatory Announcement

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Company

Paragon Group Of Companies PLC

TIDM

PAG

Headline

Transaction in Own Shares

Released

17:21 30-Jun-06

Number

5168F

RNS Number:5168F

Paragon Group Of Companies PLC

30 June 2006

PURCHASE OF OWN SHARES

The Paragon Group of Companies PLC announces that it has purchased the following number of its ordinary shares of 10p each on the London Stock Exchange via ABN AMRO Bank N.V.

Ordinary shares:

Date of purchase:

30 June 2006

Number of ordinary shares purchased:

40,000

Highest price paid per share:

652.07p

Lowest price paid per share:

652.07p

The Paragon Group of Companies PLC intends to hold the purchased shares in treasury.

Following the purchase of these shares, The Paragon Group of Companies PLC holds 4,164,000 of its ordinary shares in treasury and has 116,922,624 ordinary shares in issue (excluding treasury shares).

Enquiries:

John Gemmell, Company Secretary 0121 712 2075

> This information is provided by RNS The company news service from the London Stock Exchange

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